BUILDING OUR WAY OUT OF THE RECESSION: GSA'S 2011 CONSTRUCTION, MODERNIZATION, AND LEASING PROGRAM

(111–121)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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June 16, 2010

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management

FROM: Subcommittee on Economic Development, Public Buildings, and Emergency Management Staff

SUBJECT: Hearing on "Building Our Way Out of the Recession: GSA's 2011 Construction, Modernization, and Leasing Program"

PURPOSE

The Subcommittee will meet on Thursday, June 17, 2010, at 10:00 a.m., in room 2167 of the Rayburn House Office Building to focus on all aspects of the General Services Administration's (GSA) Capital Investment and Leasing Program (CILP) including alteration, design, modernization, construction, and building purchase activities.

BACKGROUND

GSA is the central asset management agency of the Federal Government. GSA was created in 1949, after the Hoover Commission recommended a central management entity for Federal personnel and real property activities, telecommunications, and automatic data processing equipment. GSA owns more than 1,500 Federal buildings totaling 176.5 million rentable square feet of space. GSA leases 197 million rentable square feet of space in over 7,000 leased properties. It also provides space in Federal buildings for child-care and telecommuting. GSA's inventory ranges from 2,500-square-foot land ports of entry along the northern border, to one million square foot U.S. courthouses located in major metropolitan areas.

With a workforce of approximately 6,000 employees, the Public Buildings Service (PBS) is responsible for the construction, repair, maintenance, alteration, and operation of United States public buildings of the Federal Government, including U.S. courthouses and land ports of entry. Additionally, PBS leases privately owned space for Federal use.

I. GSA Capital Investment and Leasing Program

CILP plays a key role in providing the necessary resources to maintain current real property assets and acquire, by lease, purchase or construction, new or replacement assets. The Subcommittee on Economic Development, Public Buildings, and Emergency Management scrutinizes each project under the CILP to assure Members that these projects meet critical tests of need and other benchmarks. The Subcommittee has jurisdiction over all of GSA's real property activities pursuant to the Property Act of 1949,[1] the Public Buildings Act of 1959 (P.L. 86-249), and the Cooperative Use Act of 1976 (P.L. 94-541). These three Acts are now codified in Title 40 of the United States Code.

II. Funding

PBS activities are funded primarily through the Federal Building Fund (FBF), an intra-governmental fund into which agencies pay rent for the properties they occupy. Any excess funds generated by the rental system are used for building repairs and new construction. In 1975, the FBF replaced appropriations to GSA as the primary means of financing the operations and capital costs associated with the Federal space owned or leased by GSA.

Congress exercises control over the FBF through the annual appropriations process by setting limits on how much of the fund can be expended for various activities. Section 3307 of Title 40, United States Code, requires the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on the Environment and Public Works of the Senate to pass resolutions authorizing the construction, repair, alteration, or leasing of space prior to an appropriation of funds. Title 40 also requires the Administrator of GSA to submit to the Committees a prospectus requesting authority for any project in excess of $2.79 million for FY 2010. The prospectus must be approved by the Office of Management and Budget, and must detail the particular project along with the cost, benefits, and plan for Federal occupancy.

The Committee on Transportation and Infrastructure can also initiate building projects by passing a resolution in accordance with 40 U.S.C. § 3314(b), which allows Congress to direct the Administrator of GSA to conduct a study of Federal space needs in a community and report back to the Committee. These reports can serve as the basis to pass resolutions authorizing the appropriation of funds for the construction, acquisition, renovation, alteration, or leasing of space for Federal use.

III. Fiscal Year (FY) 2011 Budget Request

The President's budget request for PBS for FY 2011 includes:

- $676 million for new construction and acquisition. The request includes funds for the Department of Homeland Security consolidation at St. Elizabeths; the U.S. Food and Drug Administration consolidation at White Oak, Maryland; two Land Ports of Entry; and a building purchase in Martinsburg, West Virginia.

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[1] 40 U.S.C. § 484(k)(3) and (4).

- $703 million for repairs and alterations. The request includes construction funding for four major building modernizations; and design funding for four buildings, including two Courthouses.
- The entire PBS budget request stands in at $9.2 billion of New Obligational Authority (NOA) with a direct appropriation request to the FBF of $292 million.

The President's budget request differs from the FY 2011 GSA authorization request. The President's budget request includes some projects or project elements that the Committee on Transportation and Infrastructure has previously authorized. The Committee considers projects or project elements of the President's budget request that need authorization as part of FY 2011 GSA authorization request.

IV. FY 2011 Authorization Request

The President's authorization request for FY 2011 is divided into four categories: repairs and alterations; design and site acquisition; construction and building acquisition; and leases.

A. Repairs and Alterations (R&A)

The R&A program request includes three omnibus authorization requests for special program funding for a total of $47 million: Fire and Life Safety Projects in various buildings ($20 million), Energy and Water Retrofit and Conservation measures in various buildings ($20 million) and Wellness and Fitness program in various buildings ($7 million). Authorization is also requested for four building modernizations totaling $218 million: the Corman Federal Building in Van Nuys, California ($11 million); the Frank Hagel Federal Building in Richmond, California ($114 million); the Emmet Bean Federal Center in Indianapolis, Indiana ($66 million); and the Daniel Patrick Moynihan Courthouse in New York, New York ($28 million).

B. Design and Site Acquisition

Authorization to begin design is requested for five projects, three are alterations to existing buildings and two involve new buildings, for a total authorization request of $102 million. The three alteration project designs include: the Federal Building complex at 11000 Wilshire Boulevard in Los Angeles, California ($51 million); the Edward Schwartz Federal Building and Courthouse in San Diego, California ($22 million); and the Prettyman Courthouse in Washington, D.C. ($23 million). In terms of new building structures, the authorization request is for design of a parking garage annex to the Patrick McNamara Federal Building in Detroit, Michigan ($4 million) and both site and design for a Land Port of Entry in Calais, Maine ($2 million).

C. Construction and Building Acquisition

GSA has submitted three projects for construction or acquisition authorization for FY 2011 for a total authorization request of $1,448.6 million. These are comprised of the Land Port of Entry in Calexico, California ($274.4 million); St. Elizabeths in Washington, D.C. ($1,149.4 million); and the purchase of an Internal Revenue Service-occupied building in Martinsburg, West Virginia ($24.8 million).

D. Leases

GSA has submitted five leases for committee authorization. The lease requests are located in the District of Columbia, Northern Virginia, and West Virginia.

WITNESS

Mr. David Foley
Deputy Commissioner
Public Buildings Service
General Services Administration

BUILDING OUR WAY OUT OF THE RECESSION: GSA'S 2011 CONSTRUCTION, MODERNIZATION AND LEASING PROGRAM

Thursday, June 17, 2010

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:13 a.m., in room 2167, Rayburn House Office Building, Hon. Eleanor Holmes Norton [chairman of the Subcommittee] presiding.

Ms. NORTON. I apologize for the delay. The hearing is open. The Ranking Member will be here shortly but has indicated that he has no objection to our proceeding.

I want to welcome all to today's hearing entitled Building Our Way Out of the Recession: GSA's 2011 Construction, Modernization and Leasing Program, an examination of the General Service Administration's Capital Investment and Leasing Program for fiscal year 2011 with its prospectus requests.

Last year, we noted that the fiscal year 2010 request was limited in size and in scope, reflecting the unprecedented infusion of funds for construction in the American Recovery and Reinvestment Act, or ARRA, sometimes called stimulus legislation. The fiscal year 2011 request reflects a more robust and comprehensive approach to managing the real estate portfolio of GSA.

GSA's Capital Investment and Leasing Program, as well as its ARRA funds, enable GSA to manage the general purpose real estate needs of the Federal Government. ARRA funding serves the additional and important purpose of putting Americans back to work. We have held regular hearings to ensure that GSA obligates ARRA funds as quickly as possible. Unlike other stimulus programs, GSA is no pass-through but is solely responsible for executing the contracts expeditiously and getting America back to work soon.

As of May 14, 2010, GSA indicated it had obligated over $4.1 billion to more than 500 companies and outlaid over $367 million of ARRA funding. While obligating approximately 80 percent of its ARRA funding is impressive, the Subcommittee is mindful that U.S. unemployment hovers just below 10 percent and the mandate to make haste so that businesses can hire new and retain current employees is still in order.

ARRA has clearly helped stimulate an economic recovery, but the economy, it found, was shattered, so full economic recovery will require more coaxing to stimulate a more balanced economy with sensible regulations to prevent another collapse.

The GSA Capital Investment and Leasing Program provides another opportunity to support our ongoing recovery. The largest amount in the request is $1.4 billion for construction, repair, and alteration of projects.

The fiscal year 2010 prospectus requests are categorized into four main groups: repair and alteration projects, design and site acquisition projects, construction and building acquisition projects, and leases. I am going to submit for the record what those projects are, because there is a long list of them, and go on to the meat of my comments.

Ms. NORTON. We must alert GSA again that the Subcommittee will hold GSA accountable for carrying out the provisions of all prospectuses authorized by Congress, particularly in light of the budget deficit and the requirements of PAYGO spending. GSA must not only work collaboratively with the private sector in reducing the costs of leasing and construction, GSA also must be far more vigorous and vigilant in using the role assigned to the agency by Congress to be the government's realtor, not merely an adviser to Federal agencies. Today, this means indicating to agencies what is affordable and cutting costs across the board, both vocation and transaction costs.

In the past, developers and Members of Congress have reported to the Subcommittee tactics used in solicitations that steer competitors away from the full and open competition mandated by statute. In one instance, the GSA listed amenities sought by an agency that included places of worship, a hardware store, and a hair saloon. Despite a requirement in the prospectus that changes be reported to the Subcommittee, we learned of these changes only from a long letter, complete with documentation, from a developer who sought to compete.

GSA had violated the language of the prospectus that required changes to the prospectus to be reported to Congress by calling its changes "amendments," as if amendments do not change a prospectus. The prospectus was delayed because the offending amendment to the solicitation had to be withdrawn.

Reports of this kind require this Subcommittee to be vigilant with close oversight, even after the prospectus is approved. We intend to write the prospectuses accordingly and to make changes in law as part of our reauthorization of provisions of GSA's statute itself. This Subcommittee will not tolerate the use of pretextual grounds to evade full competition or to direct lease procurements to pre-selected areas of a region.

We are pleased, however, that there is genuine opportunity for savings in the leasing program. We intend to press GSA to continue to become more aggressive and efficient in using its market position to identify cost savings when leasing from the private sector. With a portfolio that contains 197 million square feet of lease space, the potential for savings is outstanding.

This Subcommittee expects GSA to get the best possible deal for the Federal Government when identifying local office space for Federal agencies by using appropriately delineated areas and writing procurements that carry out congressional intent as expressed in the prospectus. GSA must refine its procedures to provide the maximum benefit to the taxpayer by holding down costs far more than the agency has done in the past.

The fiscal year 2011 capital program request, coming in the wake of the more than $5 billion in projects authorized and appropriated through ARRA, would suggest that GSA still continues to need significant capital resources to maintain its inventory of owned properties and to expand that inconvenient through new building.

The largest amount in this package is for continued construction of the DHS headquarters in Ward 8 of the District of Columbia. The co-location of the principal headquarters of DHS on the federally owned St. Elizabeths campus not only expands the portfolio of federally owned real estate but also creates great value for the taxpayer by avoiding some of the highest commercial leasing costs in the country here in this region.

The funds for the DHS headquarters is for the construction of 4.5 million gross square feet of general purpose space, exclusive of parking. This is an appreciable amount of construction, but GSA has estimated that it will result in savings of over $500 million on a 30-year present-value basis in terms of the avoidance of leasing space.

Moreover, ownership of office space in the District also benefits GSA's Federal Building Fund importantly. Because by charging commercial equivalent rate to the tenant agencies, GSA will be able to earn higher rents in higher-cost regions, thereby bolstering the Federal Building Fund.

We also note, as with last year's proposal to purchase Columbia Plaza, GSA is proposing to purchase another leased building, this one in Martinsburg, West Virginia. Without commenting on the merits of this specific case because we have not yet had time to examine it, we welcome as a general principle opportunities for GSA to increase its portfolio of owned properties on favorable economic terms through the unilateral right to exercise a fixed-price purchase option on a leased building. We are particularly interested in knowing how GSA can expand the frequency of such purchases.

Finally, we welcome GSA's input as we take up through new legislation the challenges of rebuilding the exhausted Federal Building Fund and of rebuilding the Public Buildings Service itself, which has been effectively divested of meaningful regulatory authority over agencies for space utilization and efficient space management.

President Obama's June 10th, 2010, memorandum on efficient management of real estate underscores the need for GSA as the central space management agency of the government to step up to a leadership role, not merely as a trusted advisor, in this area requiring very great expertise, where only GSA has the expertise and the agencies lack it altogether.

We look forward to addressing these issues and to hearing the testimony of today's witness.

I am very pleased to welcome comments from the Ranking Member.

Mr. DIAZ-BALART. Thank you very much, Madam Chairwoman. Thank you for having this very important hearing.

I want to thank the witness for being here. I want to make sure that you understand we are not shooting the messenger, but you are the messenger, OK?

So, with that caveat, obviously, the GSA's fiscal year program requests approval for seven alteration and modernization projections, three design projects, five construction and acquisition projects, and five leases.

Now, Madam Chairwoman, I know this is not going to surprise you. I am frankly just shocked—and, again, you and I tend to speak with one voice on a lot of these issues. I am, frankly, just shocked by the tremendous—I can't say this diplomatically, I guess—waste of taxpayer dollars and the gross mismanagement of the Federal Building Fund that this list of projects represents.

This Subcommittee under the leadership of our chairwoman has had numerous hearings, hearing after hearing, about how courthouses have been overbuilt and the cost of leasing as opposed to ownership that is bankrupting the Federal Building Fund. And I have to again take this opportunity to once again comment on and commend our chairwoman for her leadership on those issues, and she has not been shy about these issues. So we know that that is bankrupting the Federal Building Fund, and yet the administration proposes a quarter billion dollars to renovate a half-empty courthouse and half a billion dollars to lease an agency headquarters.

Sometimes, Madam Chairwoman, I think you and I maybe are speaking in a vacuum. Is nobody there listening? I am very concerned about some of these projects, and I simply don't understand how GSA can realistically expect for Congress to approve them; and, gosh, I hope Congress doesn't approve them.

For example, GSA proposed spending—I am going to use one example, but it could have been Miami. It could have been a number of different places. But just for example, GSA proposed spending $288 million—I want to repeat that—$288 million to renovate the 600,000 square foot Prettyman Courthouse.

Now, you will recall from our recent hearings that GAO singled out this specific courthouse complex as one of the most overbuilt and over budget in the entire country. Furthermore, in 2000, the courts projected there would be 49 judges in both the Prettyman building and its annex, but today there are only 33 judges. About 400 people, just 400 people, work in that building, which means—again, it doesn't take rocket science—which means there is about 1,500 gross square feet of building space for each employee.

Now, frankly, many families live in smaller areas than that. I think that bears repeating. About 400 people, which means that there are about 1,500 gross square feet of building space for each Federal employee in that building. I don't have a word to describe that, I just don't, because saying it is immoral and unacceptable just doesn't seem strong enough.

What is even more astonishing is the renovation of this courthouse is a priority project now on GSA's 5-year capital plan. Did the GSA not look at the reports? Did the GSA not spend time with us to understand? Did GSA not look at these numbers? I mean, how the administration can justify spending so much money on a half-empty building that will not generate any extra revenue for the Federal Building Fund that is again almost going bankrupt is inconceivable.

So while GSA wants to pour even more money into an overbuilt courthouse, GSA is proposing a new 427,000 square foot lease for the Federal Trade Commission headquarters, further damaging the bankruptcy issue that I already mentioned and going against everything that we have been talking about, particularly this chairwoman has been fighting for and working on, and that, frankly, the taxpayers demand.

So in hearing after hearing, Members of this Committee have repeatedly expressed concern about the overuse of expensive leases to meet Federal space needs, again especially when we are dealing with headquarters space. And again we have seen this in study after study that GAO has warned us about the cost of leasing to meet long-term space needs, but here GSA continues the same practice.

But, again, GSA now proposes doubling FTC's lease space, doubling FTC's lease space. I am surprised the chairwoman hasn't just exploded right now from seeing this, knowing of her concern for the taxpayer on that issue alone.

So, instead of consolidating the FTC headquarters into one government-owned location, FTC would operate in at least two separate locations. That really makes a lot of sense. In addition, this proposal would move some operations out of government-owned space into leased space. Again, what planet are we living on here?

So, on the one hand, GSA is proposing constant leases for FTC headquarters; and, on the other hand, it wants to spend nearly $300 million to renovate a building that is, frankly, mostly empty, that is barely being used.

Out of the thousands of buildings in the Federal inventory on the space needs identified for the FTC, the fact that the renovation of the Prettyman building would be at the top of GSA's list just raises incredible questions about GSA's management of the Federal Building Fund.

Again, what planet are they living on? And I am not referring to you, and I want to make that very clear. But I am, frankly, just in shock. What is it? It is taxpayers' money so it doesn't matter? So it really doesn't matter? We can just irresponsibly spend it and blow it and continue to spend it and blow it? Even though we have reports, report after report after report expressing this, showing this, proving this, and yet we get from GSA more of the same and frankly even worse?

So I am very concerned about how GSA is prioritizing its projects and whether some of them make any sense at all and whether there is any concern for the taxpayer when we look at these proposals.

So I want to thank David Foley, the Deputy Commissioner—he is a good man—the Deputy Commissioner of the Public Buildings Service, for being here today; and I look forward to hearing from him on these important issues. But, again, I will mention it three times, you are a good man, you are a decent man, you work hard, but this proposal from GSA frankly is grossly irresponsible.

Thank you, Madam Chairwoman.

Ms. NORTON. I very much thank you for those remarks. Indeed, I will follow up during the question period, because I am absolutely in accord with what the Ranking Member has said. As he said, there just is no daylight between us, especially when it comes to costs that cannot be justified.

I want to indicate my deep concern at how late this leasing program has even come to the Congress, but I will put that aside until I hear from the other Members of the Committee.

I want to ask Mr. Michaud of Maine if he has any comments.

Mr. MICHAUD. First of all, I want to thank you, Madam Chairman, Mr. Ranking Member, for having this very important hearing on how we are going to build our way out of the recession. I think GSA definitely can have a role in helping, especially when you look at the high areas of unemployment, particularly in the construction area. I, too, have some concerns that were addressed earlier by both the Chairand Ranking Member.

I look forward to hearing your testimony this morning, and I will save the rest of my remarks, Madam Chair, as well as my questions, after Mr. Foley has a chance to give his testimony today. I look forward to working with you.

With that, I yield back the balance of my time.

Ms. NORTON. Thank you, Mr. Michaud.

The gentlelady from Maryland, Ms. Edwards.

Ms. EDWARDS. Thank you, Madam Chairwoman; and, to my colleagues, I think this is a really important hearing. I actually can't think of a better topic or more important one than that. Because while we have not officially approved what GSA is doing for 2010 because many of us on this Subcommittee have raised significant questions with some of GSA's leasing policies, I do think it is essential that our committee, our Subcommittee, with its oversight authority, begin to look very critically at GSA's construction and leasing program going forward.

Now, just a couple of weeks ago, Mr. Morris was here from GSA and was unable to answer any number of the questions that I put forward about how GSA proceeds with its leases, what is the process, what is the transparency of the process. I had hoped to hear today from Mr. Peck, but, Mr. Foley, I thank you for being here, and I trust that you will be poised to answer some of these questions today as well, because I intend to repeat them. I know that we have submitted questions to you, and I am looking forward to getting actual answers back.

As you know, I represent the Fourth Congressional District in Maryland, which comprises both Prince George's and Montgomery Counties in Maryland. We are located right here outside of Washington, D.C., in the capital region.

Unfortunately, these counties, as documented by GSA, the University of Maryland, and other independent studies, including a study from information given to GSA that was just in the Washington Post a couple of weeks ago, these counties receive far less consideration for prime Federal leases than any other jurisdictions in the metropolitan area.

Prince George's County in particular receives the fewest higher-class lease space compared to any other jurisdiction in the region when it comes to GSA property leasing. I raised this issue at the last hearing.

A couple of years ago, as I said, the University of Maryland study showed that 10.1 percent of GSA's leases are within Prince George's County's borders. Moreover, the leases represent only 7.6 percent of the square feet leased by GSA in the metropolitan region and only 4.1 percent of the total rent. Even more striking is the fact that only 3.9 percent of the office space leased by GSA is in Prince George's County. The study from the University of Maryland goes on to say, "However, in Prince George's County, warehouses make up 49.4 percent of GSA leases."

Again, this is from information also supplied by the GSA even just a couple of weeks ago as appeared in the paper. I would like to see that submitted to us for our record from GSA, but I was happy to read it in the Washington Post.

[The information follows:]

GSA Leasing in the Greater Washington Metropolitan Region

A Report by
The National Center for Smart Growth Research and Education
and the
Master's of Real Estate Development Program
at the University of Maryland

for the
Prince George's County Economic Development Corporation

September 10, 2007

GSA Leasing in the Greater Washington Metropolitan Region

National Center for Smart Growth Research and Education
Master's of Real Estate Development Program
University of Maryland
College Park, MD

September 10, 2007

Executive Summary

The U.S. General Services Administration (GSA) makes an enormous investment in the greater Washington metropolitan region in the form of real estate property leases. These leases, in turn, provide a multitude of financial benefits to the region, including the employment of local residents, the cash value of the dollars spent by the federal workforce, and the value of lease payments to land owners. Through 765 leases, GSA's interest in the Washington region includes 53.8 million square feet and $1.563 billion in rent annually. This report presents the findings of an analysis of the region's GSA leases. ***The analysis finds that Prince George's County, when compared with the other jurisdictions in the region, does not receive its proportionate share of GSA real property leasing.***

Prince George's contains 32.7 percent of the region's land area and 22.5 percent of the region's population. More specifically, 25.7 percent of the region's federal workforce resides in Prince George's County. However, by raw numbers only 10.1 percent of GSA's leases are within the county's borders. Moreover, these leases represent only 7.6 percent of the square feet leased through GSA in the region and only 4.1 percent of the total rent. Even more striking is the fact that **only 3.9 percent of the office space (measured in square feet) leased by GSA in the region is in Prince George's County**. Within the greater Washington metropolitan region, for those leases categorized as offices, only 3.0 percent of GSA's rent dollars are spent in Prince George's.

GSA's overall rental investment amounts to a rate of $15.73 per square foot in Prince George's compared to $30.16 throughout the rest of the greater Washington region. Part, though not all, of this difference is due to Prince George's County hosting more than its proportionate share of the region's GSA warehouse leases, which produce lower rents and fewer job opportunities. Across the region, 11.8 percent of GSA's leases are warehouses. However, **in Prince George's, warehouses make up 49.4 percent of the GSA leases.**

A per capita look at the rental investment highlights even greater disparity. GSA's total rent in Prince George's amounts to more than $76 per county resident. Throughout the rest of the greater Washington region, **GSA invests** at a rate of $518 per person - or nearly **seven times more per capita in the region's other jurisdictions.** With respect to federal civilian jobs in the region, the analysis shows that Prince George's has 0.353 jobs per federal employee resident, compared to a ratio of 1.117 in the region overall.

Introduction and Context

At the request of the Prince George's County Economic Development Corporation, the National Center for Smart Growth Research and Education and the University of Maryland's Real Estate Development Program have undertaken an analysis of the federal government's leasing presence in the greater Washington metropolitan region.

Federal Government Reliance on Commercial Leasing

Federal funds for new construction of buildings are relatively limited and the capital allocation process used by the federal government compels the reliance on leasing to satisfy emerging needs.[1] The U.S. General Services Administration serves as the landlord for the federal government, conducting the majority of federal office leasing.[2] GSA has indicated commercial leases are used to meet the majority of new space requirements for traditional office space,[3] and leasing represents an increasing portion of the federal government's real estate portfolio.[4] GSA has seen an almost four-fold increase in its leasing portfolio over the last four decades.[5] Based on these facts, the analysis that follows focuses on the distribution and value of leases administered through GSA in the greater Washington, D.C. metropolitan region, contrasting the federal leases in Prince George's County with federal leases in other local jurisdictions.

Benefits of Federal Government Community Presence

The federal government's presence in a community brings with it a multitude of financial benefits including the employment of local residents, the cash value of the dollars spent by the federal workforce, and in the case of leased space, the value of lease payments to land owners and property taxes to state and local governments. In addition to these benefits, because of the federal government's heavy reliance on contractors, the federal government's presence in a community brings with it substantial contracting and procurement dollars, as well as significant private sector employment. In 2006 alone, it was estimated that the federal procurement dollars spent in the region totaled $53.6 billion.[6]

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[1] Government Accountability Office (GAO) Testimony before the Subcommittee on Federal Financial Management, Government Information, and International Security, Senate Committee on Homeland Security and Governmental Affairs "Reliance on Costly Leasing to Meet New Space Needs Is an Ongoing Problem." Statement of Mark L. Goldstein, GAO Director of Physical Infrastructure Issues. October 6, 2005.

[2] The General Services Administration is not the largest landholding agency of the Government, but serves as the Government's primary lessor.

[3] Remarks of GSA Public Buildings Service Commissioner David Winstead before the District of Columbia Business Industry Association (DCBIA) March Meeting, Washington, DC (March 15, 2007).

[4] Id.

[5] Id.

[6] Center for Regional Analysis, George Mason University presentation dated May 18, 2007 "The Washington Region Economy and Residential Real Estate Market in 2007."

There has been some quantification of the benefit the federal government's presence can bring to a community. The National Trust for Historic Preservation has estimated that the average visitor to a federal office spends $18.58 while visiting the agency.[7] That same study estimated that federal workers spend an average of $5,041 annually on retail goods and services in the community in which they work. The value of the presence of the federal workforce is magnified in metropolitan Washington where federal government workers comprise 12.4 percent[8] of the workforce as a whole, and the federal government serves as a very significant anchor and driver of the local economy. Hence, where in this region those leases are located has an outsized impact on the local economy.

In 2006 alone, it was estimated that the federal procurement dollars spent in the region totaled $53.6 billion.

Data Analysis

GSA publishes an updated inventory of its leased properties monthly on its website. The inventory used in this analysis was released by GSA on June 15, 2007. For the purposes of this effort, we refer to the greater Washington metropolitan region as including the District of Columbia and the other jurisdictions immediately surrounding the District. These other counties and municipalities include: Prince George's and Montgomery Counties in Maryland, Arlington and Fairfax Counties in Virginia, and the Virginian cities of Alexandria, Fairfax, and Falls Church. At the time of this report, the current inventory shows a total of 776 GSA leases in the region. Of these, 11 lease records show no rentable square footage and thus we have excluded those records from our analysis.[9]

Not surprisingly, the remaining 765 leases underscore the massive investment the federal government makes (and as a result, its impact) in the region. In total, GSA leases 53,780,281 square feet of space in the region. This space is equivalent to 1,235 acres, 934 football fields, or alternatively, nearly two square miles of rented space. Moreover, it represents more than 30 percent of the total space leased through GSA in the entire country. The total rent paid for these Washington area leases is nearly $1.6 billion, or 37% of the total paid on all GSA leases nationwide. The gross GSA rental rate

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[7] "Measuring the Economic Impact of Federal facilities on Central Business Districts", Final Report, National Main Street Center, National Trust for Historic Preservation, July 2002 (rev. March 2004).

[8] Bureau of Labor Statistics, Monthly Labor Review, December 2006, "Industry Dynamics in the Washington, D. C Area: Has a Second Job Core Emerged?" identifying 337,221 federal Government employees and 2.8 million workers in the Washington metropolitan area (page 3).

[9] Such leases are typically for parking structures or spaces. Collectively, these 11 records represent $4.8 million in GSA rental investment, or approximately 0.3 percent of the GSA total rental investment in the region of nearly $1.6 billion. Less than 1/10 of the rent from these excluded records is from Prince George's County.

is higher in the Nation's capital area as well - the $29.06 paid per square foot of space in the greater Washington region is 22 percent higher than the $23.77 nationwide rate.

This report focuses on an analysis of these GSA leasing data for the greater Washington metropolitan region. It evaluates the distribution of GSA commercial leases across the region, comparing Prince George's County to other jurisdictions with regard to the number of leases, the amount of rented space, relative rent values, and commercial office space availability.

	Land Area (sq. mi.)	Percent of Region Total
Alexandria	15.18	1.0%
Arlington County	25.87	1.7%
Fairfax City	6.31	0.4%
Fairfax County	395.04	26.6%
Falls Church	1.99	0.1%
Northern Virginia Total	*444.39*	*29.9%*
Montgomery County	495.52	33.3%
Prince George's County	485.43	32.7%
Suburban Maryland Total	*980.95*	*66.0%*
District of Columbia	*61.40*	*4.1%*
ENTIRE REGION	**1486.74**	**100.0%**

TABLE 1: Land area of jurisdictions in the Greater Washington Region.
Source: U.S. Census Bureau, 2000 Decennial Census.

Bases of Comparison

We began our analysis by establishing some points of reference. There are several bases against which we could compare the region's jurisdictions. For this study, we have chosen to distinguish the jurisdictions by their relative land area, population, and residential federal workforce.

Land Area. As Table 1 shows, the entire region consists of 1,487 square miles. Prince George's County (485 square miles) and Montgomery County (496 square miles) each make up approximately 33 percent of the region's land area. As a point of reference, Arlington County represents a far smaller land area with less than 2 percent (26 square miles) of the region's total. At 444 square miles, the entire Northern Virginia area represents 30 percent of the region's total, the vast majority of which is Fairfax County at 395 square miles or slightly less than 27 percent of the region's total.

	2006 Population (000)	Population Density (per square mile)	Percent of Region Total
Alexandria	137.0	9,023	3.7%
Arlington County	199.8	7,722	5.3%
Fairfax City	22.4	3,553	0.6%
Fairfax County	1,010.4	2,558	27.1%
Falls Church	10.8	5,427	0.3%
Northern Virginia Total	*1,380.4*	*3,106*	*37.0%*
Montgomery County	932.1	1,881	25.0%
Prince George's County	841.3	1,733	22.5%
Suburban Maryland Total	*1,773.4*	*1,808*	*47.5%*
District of Columbia	*581.5*	*9,471*	*15.6%*
ENTIRE REGION	**3,735.4**	**2,512**	**100.0%**

TABLE 2: Population estimates for July 1, 2006.
Source: Adapted from U.S. Census Bureau Population Estimates released June 28, 2007 (http://www.census.gov/popest/estimates.php).

Population. Another starting point for comparing the region's jurisdictions can be based on the distribution of the region's population. Estimates released by the U.S. Census Bureau in June 2007 indicate that more than 3.7 million people resided in the greater Washington region in 2006. Table 2 shows the distribution of the population across the region's jurisdictions. Prince George's County's 841,315 people make it the third largest jurisdiction in the region, behind Fairfax (1,010,443) and Montgomery (932,131) Counties. Prince Georgians make up 22.5 percent of the region's total population.

Federal Government Civilian Employees by Place-of-Residence. Consistent with land area and population, the percentage of the region's federal government civilian employees residing in Prince George's County demonstrates the county's relative importance to the region. According to the U.S. Census Bureau, more than one quarter of the region's federal civilian workforce resides in Prince George's County (25.7 percent), as shown in Figure 1. By comparison, Arlington County and the City of Alexandria are home to 7.1 percent and 4.2 percent of the region's federal civilian workforce, respectively.

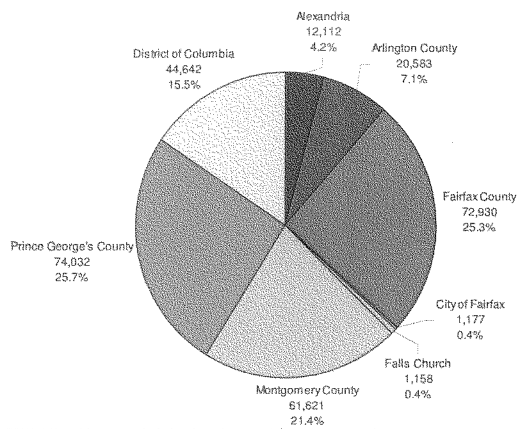

FIGURE 1: The region's federal civilian workforce by place of residence.
Source: 2000 U.S. Census Summary File 3.

Geography. Throughout our analysis, we draw contrasts between Prince George's County and Montgomery County or one of the five individual jurisdictions in Northern Virginia. Some areas in Prince George's County are comparable to the more urban Arlington County or the City of Alexandria. Other parts are similar to more suburban and rural areas in Northern Virginia. These diverse land uses in Prince George's County have led us to compare the county to Northern Virginia collectively at times. Generally, however, we have not drawn comparisons between Northern Virginia and a collective Suburban Maryland, as combining Prince George's and Montgomery Counties would create a subregion that contained nearly two-thirds of the entire region's land area. When we have compared the two Maryland counties separately with the Northern Virginia jurisdictions collectively, we have compared three nearly equally sized subregions, each with a variety of land uses and densities. Occasionally, we have also made comparisons between Prince George's County and the remainder of the region collectively.

Number of Leases

The first and most basic comparison we have made is with respect to the raw number of GSA leases in each of the region's jurisdictions. This initial review indicates that Prince George's has a disproportionately low share of GSA leases. Despite having 32.7 percent of the region's land area and 22.5 percent of the population, Prince George's County's 77 leases represent only 10.1 percent of the region's total number of GSA leases.

Despite having 10.1 percent of the region's overall GSA leases, Prince George's has 42.2 percent of the region's GSA leased warehouses and only 5.2 percent of the region's GSA leased offices.

On a per capita basis across the entire region, there are 4,883 people per GSA lease. In Alexandria there is one lease for every 2,795 people, while Arlington County has one lease for every 1,350 residents. Northern Virginia collectively carries a relatively proportionate number of GSA leases per capita, with one lease for every 4,424 people. However, the corresponding number in Prince George's is 2.5 times larger, at 10,926 people per lease.

These differences in the number of leases become even more noteworthy when we look at the property uses or functions. Of the 765 GSA leases in the entire Washington metropolitan region, 655 or 85.6 percent were categorized as office space,

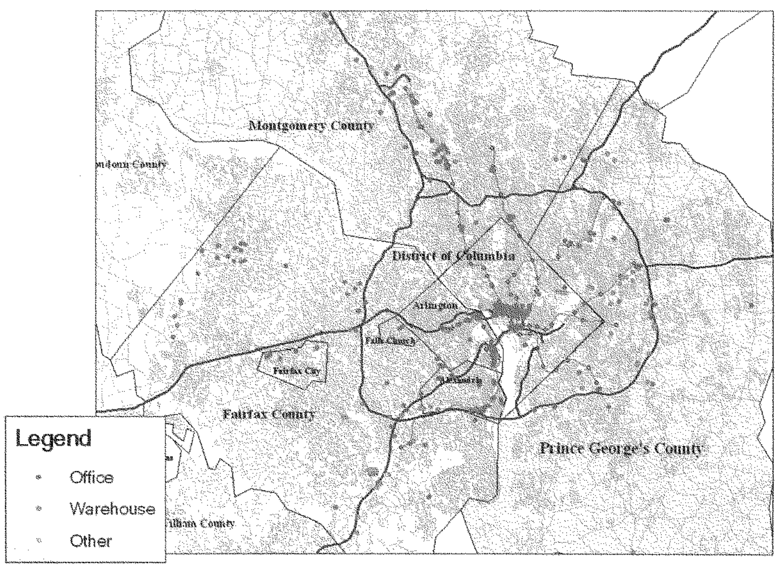

FIGURE 2: Function and location of GSA leases in the greater Washington metropolitan region.

90 or 11.8 percent were warehouse, and 17 or 2.2 percent were identified as serving some other use.[10] However, in Prince George's County, only 44.2 percent of the GSA leases were categorized as office leases, and 49.4 percent of the properties were categorized as warehouses (see Appendix A for a complete breakdown of property use by jurisdiction). In this respect, Prince George's is distinguished as having an even lower share of GSA's leased offices, which garner higher rent and employ more people than warehouses.

In a snapshot of the region as a whole, despite having 10.1 percent of the region's overall GSA leases, Prince George's has 42.2 percent of the region's GSA leased warehouses and only 5.2 percent of the region's GSA leased offices. The map in Figure 2 shows the categorized function and location of GSA leased facilities in the greater Washington metropolitan region.

Rentable Square Feet[11]

The vast majority of GSA leases in the greater Washington region includes leases for less than 50,000 square feet. In fact, the median space size is 33,301 square feet, meaning that 50 percent of all GSA leases in the region are for 33,301 square feet or less. The average GSA rentable space in the region is 70,301 square feet. Leased GSA properties in Prince George's County tend to be smaller than those in the other jurisdictions across the greater Washington metropolitan region. In Prince George's, the median size is 27,366 square feet, which is 6,071 square feet smaller than the median lease size in the rest of the region. The average GSA lease size in Prince George's is 53,137 square feet, compared to 72,222 throughout the rest of the region. Once again, this discrepancy is further demonstrated by analyzing the rentable space by use. Among those leases categorized as office, the average GSA leased space in Prince George's is 59,544 or 21.1 percent lower than the average rentable office space in the rest of the region (75,454 square feet).

Only 3.9 percent of GSA's total leased office space in the region is located in Prince George's County.

The combination of fewer leases and smaller rentable spaces has the effect of further minimizing Prince George's share of GSA's overall rentable square feet in the region. Of the region's nearly 53.8 million square feet of GSA rentable space, Prince George's only has 4.1 million, or 7.6 percent. Meanwhile, Northern Virginia has 20.4 million rentable square feet, or 37.8 percent of the regional total.

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[10] The GSA inventory dataset provided the percentage of square feet at each property that is identified as office, warehouse, or special (or rather, "other"). 84.6 percent of the leases are identified as being completely one use or another. The remainder of the inventory includes leases identified as serving a combination of functions. We categorized these leases based on the use with the largest percentage of square footage. In most instances, the categorized use represented 90 percent or more of the square footage, but in every case was at least 50 percent of the leased space. Note also that there were three records for which no use was indicated in the GSA inventory.

[11] "Rentable square feet" is a term GSA uses in its monthly lease inventory to reflect the total amount of space GSA rents on behalf of the federal government at a particular location.

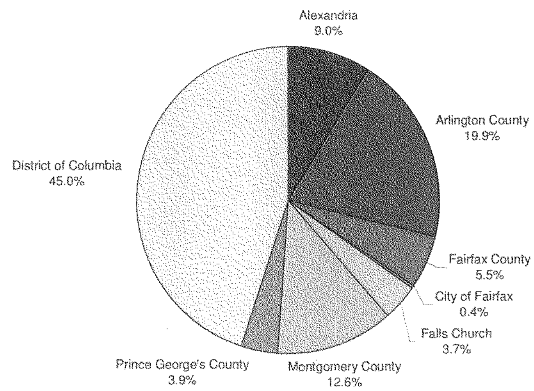


FIGURE 3: Each jurisdiction's relative share of the GSA's leased office space in the region (measured in square feet).

As shown in Figure 3 and in Appendix B, only 3.9 percent of GSA's total leased office space in the region is located in Prince George's County.[12] GSA leases 1.8 million square feet of office space in Prince George's County and nearly just as much in Falls Church (1.7 million square feet), despite Prince George's being 244 times larger than Falls Church in land area and 78 times larger in population. In further comparison to Prince George's County, GSA leases 2.3 times as much office space in Alexandria, 5.2 times as much in Arlington, and 3.3 times as much in Montgomery. By contrast, GSA leases more warehouse space (1.8 million square feet, or 45.6 percent of the region total) in Prince George's County than any other jurisdiction in the region (Fairfax County is second with 725,897 square feet or 18.2 percent of the region total).

Total Rents and Rental Rates

Total GSA rental expenditures in the greater Washington metropolitan region equal approximately $1.563 billion. A little more than half of that, or $789 million, is for leases in the seat of the U.S. federal government - the District of Columbia. Of the $774 million invested in leases in the D.C. suburbs, 70.9 percent is in Northern Virginia, 20.8 percent is in Montgomery County, and only 8.3 percent is in Prince George's County. With respect to the region as a whole, Prince George's only sees a 4.1 percent share of the total GSA leasing dollars. By contrast, Arlington's share is 18.7 percent and Montgomery's share is 10.3 percent. Stated

The federal Government through GSA spends 4.6 times more leasing dollars in Arlington County and 2.5 times more leasing dollars in Montgomery County than it spends in Prince George's County.

[12] In this instance, because the GSA inventory indicated the specific percentage of each property's square footage that was attributable to each use, we were able to calculate exact area square footage totals. For example a 100,000 square foot property that is 95 percent office space and 5 percent warehouse was noted as contributing 95,000 square feet of office and 5,000 square feet of warehouse as opposed to designating the entire square footage as office.

more simply, the federal government through GSA spends 4.6 times more leasing dollars in Arlington County and 2.5 times more leasing dollars in Montgomery County than it spends in Prince George's County. Figure 4 and the map in Appendix C further demonstrate the distribution of GSA rent across the region.

Of all the region's individual jurisdictions, the City of Falls Church has the largest proportional share of GSA rental expenditures, with nearly $45 million in rent for just under two square miles ($22.6 million per square mile). The city's share also corresponds to $4,163 per resident. Prince George's County's GSA rental investment equates to $132,545 per square mile and $76.48 per county resident (as shown in Figure 5). By contrast, the total rents for GSA leases throughout the rest of the region equate to $1.5 million per square mile (11.3 times that of Prince George's) and $517.81 per person (6.8 times that of Prince George's). Appendix D provides a complete breakdown of rent dollars by jurisdiction.

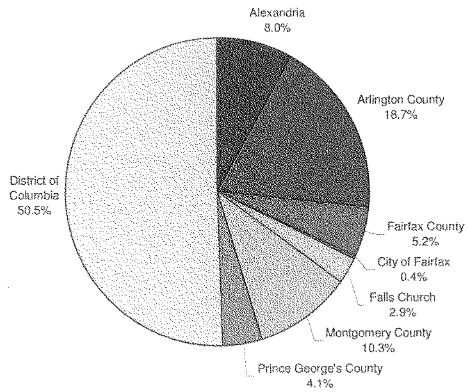


FIGURE 4: Percentage of total GSA leasing dollars by jurisdiction

When looking solely at GSA leases categorized as offices, rent paid out on leases in Prince George's totals $45.4 million, which is only 3.0 percent of the total GSA office

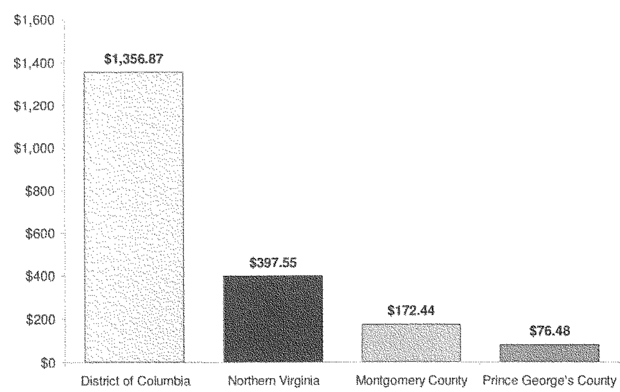


FIGURE 5: Per capita GSA leasing dollars across the Greater Washington metropolitan region.

lease rents in the region. Meanwhile, in Arlington County, which only contains 5.3 percent of the region's population and 1.7 percent of the land area (compared to Prince George's 22.5 percent and 32.7 percent, respectively) leases categorized as offices total $288.9 million in rent, or 19.1 percent of region's GSA office lease total. This is 6.4 times the corresponding amount in the larger and more populous Prince George's.

The total average GSA rental rate per square foot (total GSA rent divided by total GSA rentable square feet) for the region is $29.06. The Prince George's rate of $15.73 per square foot is nearly half the $30.16 per square foot received outside the county. For additional analysis on this data, we performed a statistical test to compare the GSA's average rent per square foot received in Prince George's to that of the rest of the region. The difference was found to be statistically significant,[13] suggesting that GSA rental rates in Prince George's for the type of space GSA leases is considerably less than elsewhere in the region.

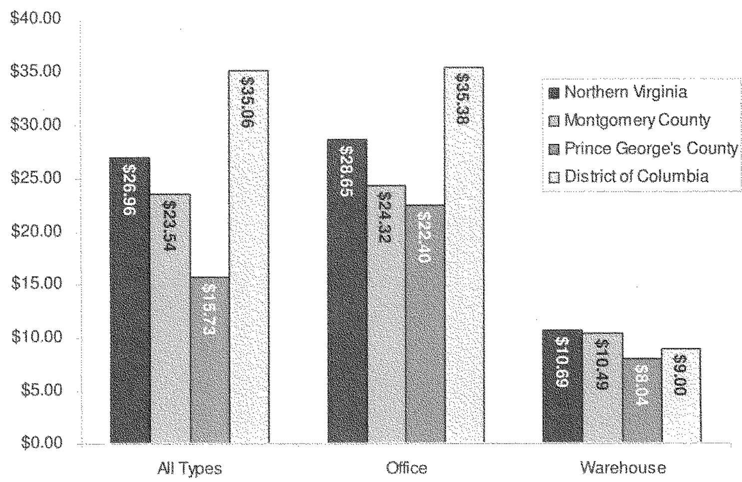


FIGURE 6: GSA rent per square foot across the region, by property use category.

Further breakdown of the GSA data reveals that the lower rental rates in Prince George's is not solely due to the larger percentage of warehouse uses in the county (the total regional rental rate for leases categorized as warehouse use is $9.38 compared to $30.88 for office uses). In fact, as Figure 6 and Appendix E show, GSA rental rates in Prince George's County are lower than all other communities in the region for both office and warehouse uses, which is indicative of lower market rates in Prince George's

[13] The difference between two means test produced a t-statistic of 2.407, which is well beyond the critical value of 1.963 at an alpha of 0.05.

County. (Note that Appendix E shows these data disaggregated by individual jurisdictions.)

Federal Job Locations

In contrast to the residential distribution of the region's federal workforce, the distribution of federal jobs in the region demonstrates a general jobs-housing imbalance. Despite having 25.7 of the region's federal civilian workforce residing in the county, only 8.1 percent of the region's federal government civilian jobs were located in Prince George's County in 2000 according to the U.S. Department of Commerce's Bureau of Economic Analysis. As would be expected, the District of Columbia hosted the greatest share of federal jobs, with 55.7 percent of the region's total. In comparison to other Washington suburbs, Arlington County had 10.0 percent and Montgomery County 13.1 percent of the region's federal civilian jobs. Fairfax County, Fairfax City and Falls Church combined for 10.8 percent.[14]

	Federal Civilian Jobs	Federal Employee Residents	Ratio of Jobs to Residents
Alexandria	7,612	12,112	0.628
Arlington County	32,140	20,583	1.561
Fairfax County, Fairfax City & Falls Church	34,859	75,265	0.463
Northern Virginia Total	*74,611*	*107,960*	*0.691*
Montgomery County	42,134	61,621	0.684
Prince George's County	26,105	74,032	0.353
Suburban Maryland Total	*68,239*	*135,653*	*0.503*
District of Columbia	*179,262*	*44,642*	*4.016*
ENTIRE REGION	**322,112**	**288,255**	**1.117**

TABLE 3: The ratio of federal civilian jobs to federal civilian employee residents.
Source: Bureau of Economic Analysis, U.S. Department of Commerce and 2000 U.S. Census Summary File 3

The regional disparities become more apparent when looking at the ratio of federal government jobs to the number of federal employees residing in each jurisdiction. Table 3 demonstrates that Prince George's County's ratio of federal jobs to federal employee residents is the lowest in the region at 0.353. In general, the lower the ratio, the more likely a federal employee living in a given jurisdiction is to commute to another jurisdiction for work. Other than D.C., Arlington County is the only jurisdiction in the region that has more federal jobs than federal employee residents (56.1 percent more). Overall, the region has 11.7 percent more federal jobs than federal employee residents, suggesting that there are many federal employees that commute from outside the immediate Washington region.

More recent data from the Bureau of Economic Analysis suggest that Prince George's may even be losing some of its already small share of federal jobs. Between 2000 and 2005, the region saw a 5.9 percent growth in federal jobs, from 322,112 to

[14] The U.S. Bureau of Economic Analysis combines these three Virginia jurisdictions when reporting employment figures. Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce (http://www.bea.gov/regional/reis/CA25fn.cfm).

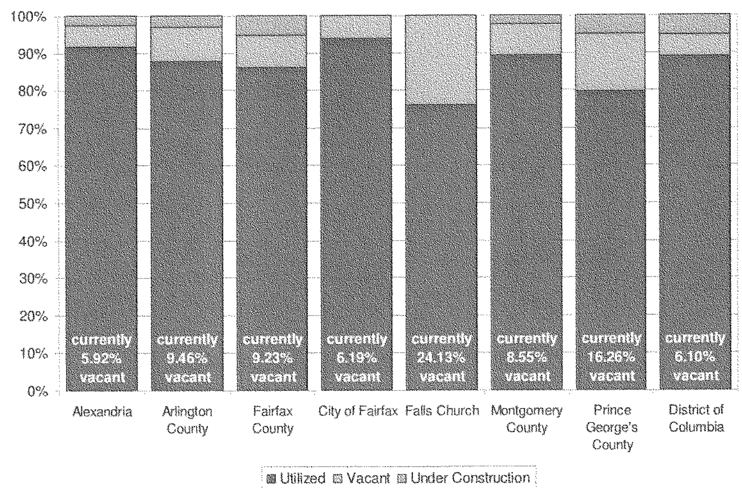


FIGURE 7: Percent of existing and pipeline (under construction) commercial office space in each jurisdiction. The indicated current vacancies are percentages of the current supply of commercial office space (i.e. not including pipeline space).
Source: Jones Lang LaSalle IP, Inc., "Market Smart: Washington, D.C. Office Market Statistics," 2nd quarter 2007.

341,174. Prince George's County, however, did not keep pace with the rest of the region. Over that same five year period, Prince George's gained only 209 federal jobs (0.8 percent increase) and saw its relative share of federal jobs fall from 8.1 percent in 2000 to only 7.7 percent in 2005.

Commercial Space Availability

In connection with this study we also undertook a review of available commercial space in the region to determine if the lack of GSA office leasing in Prince George's could be linked to absence of supply. Figure 7 and the table in Appendix F highlight the current supply, vacancy and pipeline construction of commercial lease space in each of the region's jurisdictions. At 16.26 percent, the Prince George's vacancy rate is second highest in the region, behind only Falls Church at 24.13 percent. However at $22.86, the average commercial office asking rent in Prince George's is lowest in the region (by contrast, the average commercial office asking rent in Alexandria is $31.24 and in Arlington is $34.52).[15] The 2.9 million square feet of vacant or pipeline commercial office space in Prince George's is equivalent to 71.1 percent of the space currently leased through GSA in the county. On their face, these data suggest

[15] Source: Jones Lang LaSalle IP, Inc., "Market Smart: Washington, D.C. Office Market Statistics," 2nd quarter 2007.

there is sufficient opportunity for a growing federal presence in Prince George's and that a lack of available commercial office space is not a likely explanation for the federal government's currently limited presence in Prince George's County.

Conclusions

GSA occupies 765 leases throughout the greater Washington metropolitan area. Generally, our analysis of that data has found that Prince George's County's share of these leases is not at par with the rest of the region.[16] More specifically, we have shown that:

- Despite making up 32.7 percent of the land area in the region and 22.5 percent of the local population, the 34 GSA office leases in Prince George's County correspond to only 5.2 percent of the offices leased through the GSA (overall, the 77 leases in Prince George's only represent 10.1 percent of the GSA regional lease count).

- When measured in terms of the square footage of lease space occupied by GSA in the region, only 7.6 percent of the GSA's square footage is located in Prince George's County. The county's share of GSA leased office space is even lower at 3.9 percent.

- Prince George's leases categorized as office rented at a total of $45.4 million, or only 3.0 percent of the total GSA office lease rents in the region.

- Prince George's County attracts only 4.1 percent of the federal leasing dollars spent through GSA in the greater Washington metropolitan region. By comparison, Arlington County, which only contains 5.3 percent of the region's population and 1.7 percent of the land area, attracts 18.7 percent of the GSA leasing dollars. Prince George's neighbor in Maryland, Montgomery County, is similar to Prince George's in land area and population, however the federal government spends 2.5 times more GSA leasing dollars in Montgomery than in Prince George's.

[16] Note that the figures and analyses in this report are not intended to conclude anything about total federal real estate investment in Prince George's, since this analysis does not take into account GSA-owned properties in the region, nor does it review property leased or owned by other federal agencies, including those with a major local presence in the region such as the U.S. Postal Service and the U.S. Department of Defense. This analysis also does not review the regional distribution of federal investment and expenditures in general. To do so would require a much more extensive look at federal agency budgets and contracts. What this study has done is review GSA leasing presence in the region. As the nation's largest public real estate organization, GSA provides acquisition and real estate services for the benefit of many federal agencies, and leases more than 7,100 properties across the country. These properties provide workspace for approximately 600,000 federal employees according to GSA's website (www.gsa.gov).

- Fully 49.4 percent of the GSA leases in Prince George's County are classified as warehouse leases, which command lower rents and employ far fewer people than traditional office space. These represent 42.2 percent of GSA's leased warehouses in the region. Furthermore, 45.6 percent of the region's GSA leased warehouse space (measured in square feet) is in Prince George's.

- Average GSA rental rates in Prince George's County are significantly lower in Prince George's than they are in the rest of the region. The overall price per square foot of $15.73 in Prince George's is nearly half the $30.16 spent through GSA in the rest of the region.

- Despite having 25.7 of the region's federal workforce residing in the county, only 8.1 percent of the region's federal government jobs were located in Prince George's County in 2000. By 2005, the percentage had fallen to 7.7 percent as the county's federal job growth (0.8 percent) did not keep pace with the region's growth in federal jobs (5.9 percent).

- Prince George's County's ratio of federal jobs to federal employee residents is the lowest in the region at 0.353. The ratio for the region overall is 1.117 federal civilian jobs for every federal employee resident.

- A review of the commercial office space in the region revealed a relatively large amount of vacant commercial office space in Prince George's County, along with significant development of commercially leased space in the pipeline.

While the lower rental rates in Prince George's County are an indicator of the lower federal investment in the county, they also present an opportunity to the federal government as the lowest cost alternative in the metropolitan Washington commercial leasing market. The relative affordability of acquiring commercial lease space makes the relative lack of federal leasing presence in Prince George's County all the more remarkable as the U.S. General Services Administration seeks to acquire leases on the most favorable basis for the government and must follow competitive procurement practices.[17] Although GSA is directed in most cases to procure leased space at the best value to the government, Prince George's County is a remarkable anomaly as it attracts

[17] Federal Management Regulations direct acquisition of leases on the most favorable terms to the government. In addition, lease procurements are subject to the Competition in Contracting Act which directs full and open competition. GSA indicates on its website that in lease procurements it "solicits offers on a competitive basis, negotiates with offerors, and, for most acquisitions, makes awards to the lowest priced acceptable offer." See: http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=8317&contentType=GSA_OVERVIEW

the lowest relative share of GSA leasing dollars in the Washington metropolitan region despite being the region's lowest cost alternative.

From a "smart growth" perspective, the federal job location data and the current GSA leasing pattern demonstrate an imbalance between federal jobs and where federal employees reside. This imbalance places a burden on federal employees in terms of their commute. In making its siting decisions, the federal government can help reduce this burden and the corresponding costs (such as fuel consumption, air pollution and time lost in congestion) to the region as a whole, by leasing more space in Prince George's County where more employees live.

APPENDIX A: Crosstab of Leases – Property Use by Jurisdiction

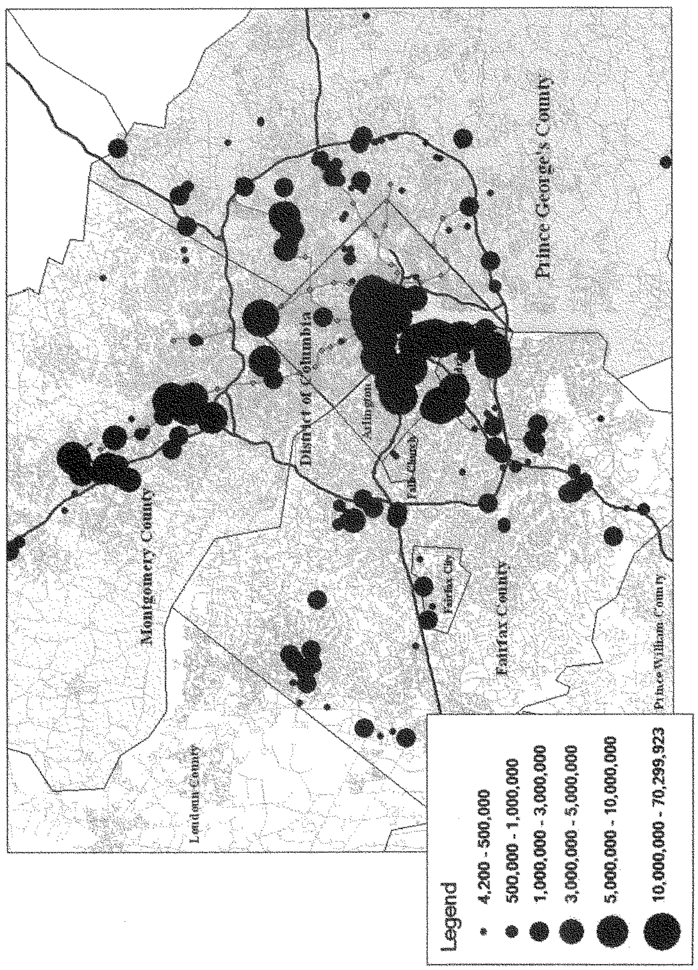
		Office	Warehouse	Other	Unknown	All Uses
City of Alexandria	# of Leases	35	10	2	2	49
	% of Column	5.3%	11.1%	11.8%	66.7%	6.4%
	% of Row	71.4%	20.4%	4.1%	4.1%	100.0%
Arlington County	# of Leases	142	4	2	0	148
	% of Column	21.7%	4.4%	11.8%	0.0%	19.3%
	% of Row	95.9%	2.7%	1.4%	0.0%	100.0%
Fairfax County	# of Leases	54	20	2	0	76
	% of Column	8.2%	22.2%	11.8%	0.0%	9.9%
	% of Row	71.1%	26.3%	2.6%	0.0%	100.0%
City of Fairfax	# of Leases	8	1	1	0	10
	% of Column	1.2%	1.1%	5.9%	0.0%	1.3%
	% of Row	80.0%	10.0%	10.0%	0.0%	100.0%
City of Falls Church	# of Leases	29	0	0	0	29
	% of Column	4.4%	0.0%	0.0%	0.0%	3.8%
	% of Row	100.0%	0.0%	0.0%	0.0%	100.0%
Montgomery County	# of Leases	77	8	3	0	88
	% of Column	11.8%	8.9%	17.6%	0.0%	11.5%
	% of Row	87.5%	9.1%	3.4%	0.0%	100.0%
Prince George's County	# of Leases	34	38	4	1	77
	% of Column	5.2%	42.2%	23.5%	33.3%	10.1%
	% of Row	44.2%	49.4%	5.2%	1.3%	100.0%
District of Columbia	# of Leases	276	9	3	0	288
	% of Column	42.1%	10.0%	17.6%	0.0%	37.6%
	% of Row	95.8%	3.1%	1.0%	0.0%	100.0%
Entire Region	# of Leases	655	90	17	3	765
	% of Column	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Row	85.6%	11.8%	2.2%	0.4%	100.0%

APPENDIX B: Relative Share of Leased Space by Jurisdiction and Property Use

The table below shows each jurisdiction's relative share of the GSA's leased space in the region by property use, in comparison to their relative share of the region's population and land area. (Values shown are percentages of the region's totals.)

	Population	Land Area	Total GSA Leased Square Footage	GSA Leased Office Square Footage	GSA Leased Warehouse Square Footage
Alexandria	3.7%	1.0%	9.1%	9.0%	14.1%
Arlington County	5.3%	1.7%	18.3%	19.9%	5.8%
Fairfax City	0.6%	0.4%	0.6%	0.4%	2.9%
Fairfax County	27.1%	26.6%	6.6%	5.5%	18.2%
Falls Church	0.3%	0.1%	3.4%	3.7%	0.0%
Northern Virginia Total	*37.0%*	*29.9%*	*37.8%*	*38.5%*	*40.9%*
Montgomery County	25.0%	33.3%	12.7%	12.6%	8.0%
Prince George's County	22.5%	32.7%	7.6%	3.9%	45.6%
Suburban Maryland Total	*47.5%*	*66.0%*	*20.3%*	*16.5%*	*53.6%*
District of Columbia	*15.6%*	*4.1%*	*41.8%*	*45.0%*	*5.5%*
ENTIRE REGION	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

APPENDIX C: GSA Rents Paid in the Washington DC Metropolitan Area



APPENDIX D: Total GSA Rents by Jurisdiction

	Total Rent (millions)	Percent of Region Total	Average Lease Total (millions)	Per Capita Rental Expenditure	Per Sq. Mile of Land Area (millions)
Alexandria	$124.4	8.0%	$2.538	$907.88	$8.192
Arlington County	$292.8	18.7%	$1.978	$1,465.41	$11.316
Fairfax City	$6.2	0.4%	$0.621	$277.18	$0.984
Fairfax County	$80.5	5.2%	$1.059	$79.68	$0.204
Falls Church	$45.0	2.9%	$1.550	$4,162.64	$22.589
Northern Virginia Total	*$548.8*	*35.1%*	*$1.759*	*$397.55*	*$1.235*
Montgomery County	$160.7	10.3%	$1.827	$172.44	$0.324
Prince George's County	$64.3	4.1%	$0.836	$76.48	$0.133
Suburban Maryland Total	*$225.1*	*14.4%*	*$1.364*	*$126.92*	*$0.229*
District of Columbia	*$789.1*	*50.5%*	*$2.740*	*$1,356.87*	*$12.851*
Excl. Prince George's*	**$1,498.6**	**95.9%**	**$2.178**	**$517.81**	**$1.497**
ENTIRE REGION	**$1,562.9**	**100.0%**	**$2.043**	**$418.41**	**$1.051**

* Totals for all jurisdictions in the region, excluding Prince George's County.

APPENDIX E: Total GSA Rents per Square Foot by Jurisdiction and Property Use

The table below provides the total average rent per square foot for each jurisdiction by property use. This is not the average of the rental rates paid on the GSA leases in each jurisdiction, but rather the total GSA rent paid in each jurisdiction divided by the total GSA lease square footage in the jurisdiction. The resulting number is the cumulative rental rate paid in the jurisdiction.

	Total Average Rent per Square Foot		
	All Leases	**Office Leases**	**Warehouse Leases**
Alexandria	$25.54	$27.91	$9.69
Arlington County	$29.77	$30.29	$11.41
Fairfax City	$20.77	$28.93	$9.06
Fairfax County	$22.76	$26.56	$11.45
Falls Church	$24.79	$24.79	N/A
Northern Virginia Total	*$26.96*	*$28.65*	*$10.69*
Montgomery County	$23.54	$24.32	$10.49
Prince George's County	$15.73	$22.40	$8.04
Suburban Maryland Total	*$20.61*	*$23.85*	*$8.42*
District of Columbia	*$35.06*	*$35.38*	*$9.00*
Excl. Prince George's*	**$30.16**	**$31.24**	**$10.50**
ENTIRE REGION	**$29.06**	**$30.88**	**$9.38**

* Totals for all jurisdictions in the region, excluding Prince George's County.

APPENDIX F: Commercial Space Availability

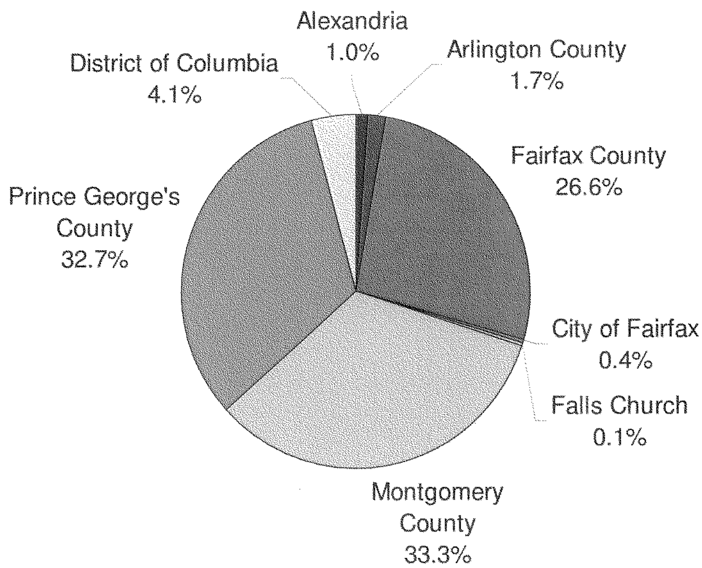
Source: Jones Lang LaSalle IP, Inc., "Market Smart: Washington, D.C. Office Market Statistics," 2nd quarter 2007.

	Supply (sf)	Vacancy (sf)	Vacancy Rate	Under Construction (sf)
Alexandria	12,788,433	757,240	5.92%	348,000
Arlington County	32,095,903	3,034,762	9.46%	1,012,280
Fairfax City	2,098,176	129,821	6.19%	0
Fairfax County	82,524,782	7,619,047	9.23%	4,610,024
Falls Church	1,201,130	289,832	24.13%	0
Northern Virginia Total	*130,708,424*	*11,830,702*	*9.05%*	*5,970,304*
Montgomery County	46,380,533	3,966,920	8.55%	1,192,358
Prince George's County	13,489,663	2,193,873	16.26%	715,213
Suburban Maryland Total	*59,870,196*	*6,160,793*	*10.29%*	*1,907,571*
District of Columbia	*101,740,728*	*6,205,320*	*6.10%*	*5,759,920*
Excl. Prince George's*	**278,829,685**	**22,002,942**	**7.89%**	**12,922,582**
ENTIRE REGION	**292,319,348**	**24,196,815**	**8.28%**	**13,637,795**

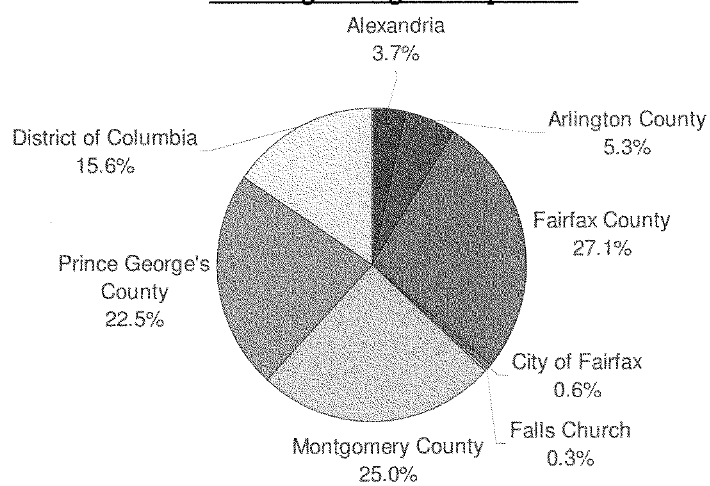
* Totals for all jurisdictions in the region, excluding Prince George's County.

APPENDIX G: Additional Graphs and Charts

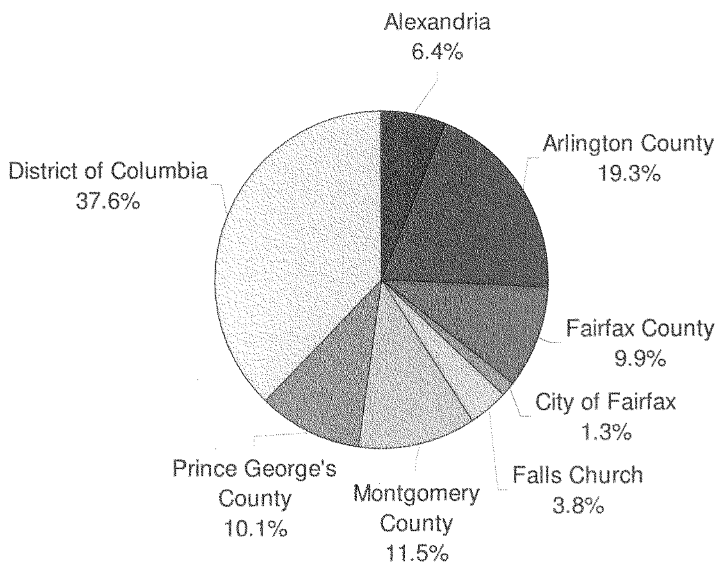
Percentage of Region's Land Area



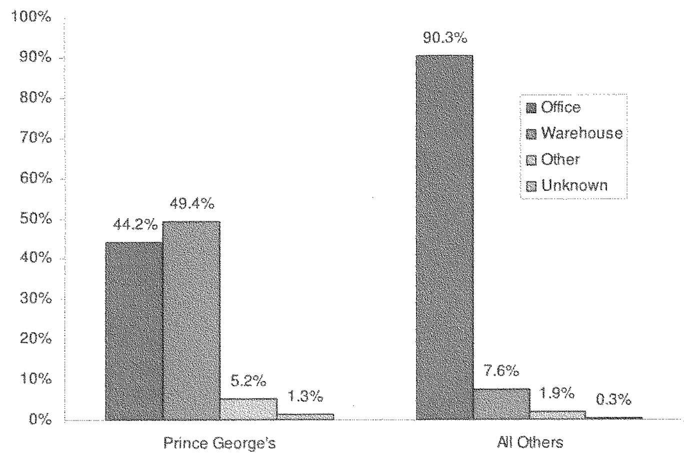
Percentage of Region's Population



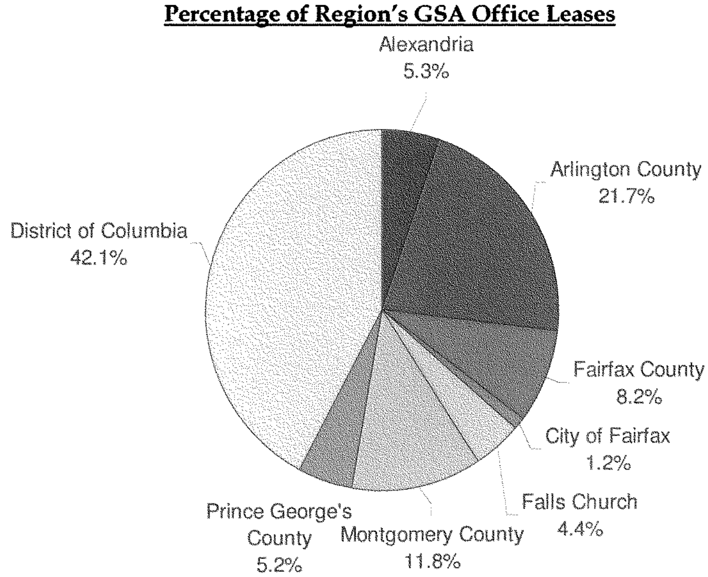
Percentage of GSA Leases in the Region



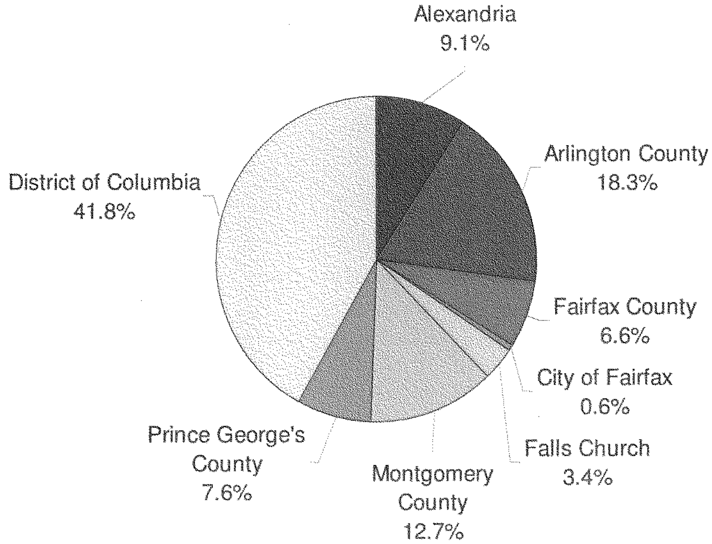
Distribution of GSA Leases by Type



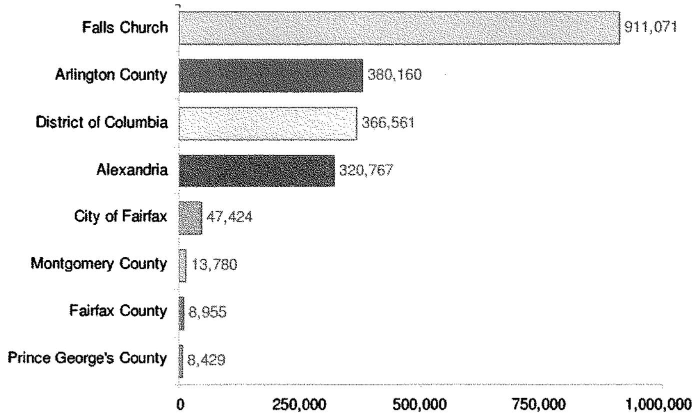
Percentage of Region's GSA Office Leases



Percentage of Region's GSA Rentable Space



Rentable Square Feet per Square Mile of Land Area



Ms. EDWARDS. I spent the last couple of years in office trying to understand why these disparities are present. The county has more Metro stops than any other county in the region, arguing for the consideration that others in this Committee have raised that if you have Metro stops and it is a priority to get people on and around transit and consolidating leases, why is it then that there is a lack of leasing in this region, or even building, in the areas where that is appropriate?

Every time a new lease opportunity comes up, GSA has some reason unknown at the beginning to not lease in Prince George's County or reason to release a prospectus in such a way that seems to favor other jurisdictions. And indeed in some of those instances it is not even clear what the process is for changing the prospectus on simple things, lowering ceiling heights, which seems so ridiculous that you could make a mistake like that twice in two separate leases and then explain it away as a typographical error when it has been done by two separate teams and included in two separate proposals for a prospectus. I don't understand. If we have got that kind of inefficiency going on in GSA, then we have a bigger problem than we think.

I would say also, as I close here, that these questions are really not unique to the Washington, D.C., metropolitan area. I think that these are considerations for a number of metropolitan areas where there has to be both transparency and fairness of process, treating an entire region as a region.

When we do transportation funding and policy and any number of other policies, we look at regions. There are a dozen major metropolitan and regions around this country. If we have that kind of disparity within a region, then it creates the kind of inequity that we see in this leasing program. So I would like some explanations about process, about how costs are determined within the region, and about how changes are made so it is transparent to the public and to those of us on this committee.

Then, lastly, Mr. Foley, I think it is really imperative that GSA understands that its customer is not an agency, its customer is not a bureaucrat. The customer for GSA, who ought to get the benefit of the best bargain, is the taxpayer, and if your process in leasing or building doesn't benefit the taxpayer, then GSA is not doing its job.

With that, I yield back.

Ms. NORTON. I thank the gentlelady for yielding back, and I thank her for her comments. I join her in those comments.

Mr. Foley, would you like to say for the record where those who are supposed to be here are and why they are not here?

Mr. FOLEY. Certainly. I am speaking on behalf of the agency and for Commissioner Peck. He is actually at a meeting at the White House complex today regarding the Presidential memo that you mentioned earlier in GSA's leadership role with the Federal Real Property Council and the 23 landholding agencies. He had to go to that meeting and is chairing that as well. We provide direction to the agencies and are developing the path forward to implement that memorandum.

Ms. NORTON. We will regard this as an excused absence.

Mr. Foley, you may proceed.

STATEMENT OF DAVID FOLEY, DEPUTY COMMISSIONER, PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES ADMINISTRATION

Mr. FOLEY. Thank you.

Good morning, Madam Chair, Ranking Member Diaz-Balart, and Members of the Subcommittee. Thank you for inviting me here today to discuss GSA's fiscal year 2011 Capital Investment and Leasing Program. I am pleased to be here today to request the Subcommittee's authorization for the projects in our capital program.

The Public Buildings Service is one of the largest and most diversified public real estate organizations in the world. Our mission is to provide a superior workplace for Federal agencies at an economical cost to the American taxpayer.

We continue to demonstrate strong operational performance, surpassing many private sector benchmarks. We are also becoming a green proving ground for new and innovative technologies and sustainability methods. These efforts enable PBS to reduce the Federal Government's carbon footprint and optimize energy savings.

The projects in the fiscal year 2011 program were selected based upon a number of criteria, including the urgency of the requirement, priorities of the tenant agency, physical condition of the asset, high-performance green building features, timing and execution, improving asset utilization, return on investment and payback, avoidance of lease costs, and historical significance.

PBS is requesting a repairs and alterations program of $703 million to enable GSA to maintain and improve these properties so that they continue to meet the mission needs of our customer agencies. Each of these projects has a continuing Federal need and is capable of being economically self-sufficient.

Through the Recovery Act, funding for repairs and alterations enabled us to reduce our repair and alterations need, but clearly there continues to be a great additional need, and this is one of our top priorities.

The highlights of GSA's fiscal year 2011 repair and alterations program include $335 million for basic repairs and alterations, $321 million for full scope and major repairs and alterations, $120 million for fire prevention programs, $20 million for energy and water retrofit and conservation measures, and $7 million for wellness and fitness programs.

The program includes the following proposed major building modernizations: $66 million for the Major General Emmett Bean Federal Center in Indianapolis, Indiana; $11 million for the James C. Corman Federal Building in Van Nuys, California; $28 million for the Daniel Patrick Moynihan U.S. Courthouse in New York; and $114 million for the Frank Hagel Federal Building in Richmond, California.

These funds also provide designs for the following buildings: $6 million for the West Wing at the White House complex for phase two construction; $51 million for the FBI Federal Building in Los Angeles, California; $22 million for the Edward J. Schwartz U.S. Courthouse and Federal Building in San Diego, California and support of an ICE co-location project; and $23 million for the E. Barrett Prettyman U.S. Courthouse in Washington, DC.

The fiscal year 2011 capital program includes funding to improve PBS's buildings with additional greening technologies and repairs and alterations to increase energy savings. These improvements will help GSA meet the goals set forth in the Energy Independence and Security Act of 2007 and Executive Order 13514. To meet these goals, PBS is requesting $20 million for the implementation of energy and water retrofit conservation projects and another $20 million for the fire prevention program. PBS is also dedicating in support of the administration's new health and wellness initiatives $7 million to our wellness and fitness program to upgrade, replace, and improve space within government-owned buildings in support of employee wellness.

We are also requesting a construction and acquisition of facilities program of $676 million. This request includes funding for site acquisition, design, infrastructure, construction, and the management and inspection of 10 Federal facilities. PBS traditionally pursues construction and ownership solutions for special purpose and unique facilities that are not readily available in the real estate market. In addition, we recommend new construction where there is a long-term need in a given locality.

PBS's fiscal year '11 construction program is focused on urgent customer priorities ranging from the consolidation of government-critical defense organizations, laboratories for protecting the public health, and land ports of entry to secure our borders.

The program includes $380 million for the St. Elizabeths DHS consolidation, West Campus Infrastructure, Historic Preservation Mitigation and Highway Interchange in Washington, D.C.; $174 million for the FDA consolidation at White Oak in Maryland; $8 million for the Denver Federal Center remediation; $86 million for the design and/or construction of two land ports of entry in Calexico, California, and Calais, Maine; $4 million for the design of an automotive maintenance and secured parking garage at the P.V. McNamara Federal Building in Detroit; and $25 million for the acquisition of the IRS Annex Building in Martinsburg, West Virginia.

In addition to owned space, GSA has entered into almost 9,000 private sector leases in 8,000 locations nationwide to meet the space requirements of tenant agencies. We are pleased that the vacant space within our leased inventory has been at or below 1.5 percent for the last 5 years, well below national industry averages of over 15 percent.

We strive to keep leasing costs at or below market levels and have developed a comprehensive strategy to do so, including the use of industry benchmarks and market surveys to comparison shop for best value for the agencies that occupy our space and the taxpayers.

In addition to the fiscal year 2011 leasing program, PBS is also seeking authorization for the balance of our fiscal year 2010 program. PBS continues to work with agencies to help them shape their requirements to meet mission needs while improving operational efficiencies and space utilization to minimize costs for the American taxpayer. We also work with our stakeholders to capitalize the requirements of our aging inventory and growing and increasingly specialized needs of our customers.

Finally, PBS strives to reduce our asset liability by concentrating reinvestment in core assets and disposing of unneeded and underutilized properties.

Madam Chair, Ranking Member Diaz-Balart, this concludes my prepared statement. I will be pleased to answer any question you or any other Member of the Subcommittee may have about our proposed fiscal year 2011 Capital Investment and Leasing Program. Thank you.

Ms. NORTON. Thank you very much, Mr. Foley.

The prospectus, upon inspection, is probably going to be further delayed in approval because so many questions are raised by what the prospectus proposes.

First let me indicate that surely you are aware that, by law, authorizations of this committee, and for that matter of the Senate Environmental and Public Works Committee, are to precede appropriations for GSA's projects. What is the reason we are receiving this package, I don't know, about 4 months after the President's budget? This is worse than tardiness. It is disrespect for the committee.

Mr. FOLEY. Madam Chair, I do have to apologize for the lateness of the program getting to you and the committee. We did have some issues with final clearance of the prospectus package, and we are striving to ensure that that doesn't happen.

Ms. NORTON. Final clearance in your agency?

Mr. FOLEY. Through both the administration and the agency. We are working on a new process so that that does not happen next year, and our goal is to get it up immediately following the President's budget for fiscal year 2012. We recognize that this puts you in a bind, and we strive——

Ms. NORTON. It puts you in a bind, because we are not going to rubber-stamp any prospectus, and we are not going to authorize it, and we are going to ask the Appropriations Committee to delay it. So we are not in a bind, but you certainly are in a bind, and you will have to make haste to in fact respond to the questions that have been raised by this tardy submission.

For example, 2 weeks ago, we requested information on what the Ranking Member raised about the Prettyman Courthouse. That is a courthouse that has a relatively new—it must be within the last 5 or 10 years—a beautiful new annex. But it is one of the courthouses that was cited for being overbuilt. I am lost to understand why, given—what is it—an $8 billion backlog of courthouses to be built, I am astonished that you want to rehabilitate a courthouse that is underutilized as a priority. Explain yourself.

Mr. FOLEY. Certainly. We do understand that there were a number of questions, and again I apologize for the delay——

Ms. NORTON. You can answer them right now.

Mr. FOLEY. I fully intend to answer.

This project does go back a number of years. In fact, the design for the Bryant Annex to the Prettyman Courthouse was done in 1997, long before any of the courtroom sharing models adopted by the Administrative Office of the Courts and GSA. At the time the Annex was designed, GSA and the courts attempted to build to the full capacity of the site.

GSA and the courts, we both recognized, and I think in the hearing last week, that there were issues with projections and the number of judges. We are working closely together to address that moving forward. In fact, Commissioner Peck is actually going to be meeting with the Court Space and Facilities Committee tomorrow to discuss this very issue.

However, that doesn't diminish the need for this critical project. This is a busy court facility with a number of high-profile cases. The project is mainly a building systems project. It is not designed to build out additional courtrooms. This is an historic asset that the government will hold onto for decades; and the majority of the construction dollars are for exterior construction, plumbing and mechanical, fire protection, electrical, and abatement.

Ms. NORTON. Mr. Foley, you could run that down for dozens of courthouses in the United States that have had no recent additions the way the courthouse here has. I hope you don't think that the fact it is here makes a dime's worth of difference to me. We will need answers other than "it is needed," particularly since it is on the hit list in the first place as an overbuilt courthouse.

Is it being fully utilized?

Mr. FOLEY. I believe that there are underutilized courtrooms in the facility. However, I think it is important to point out that there are only nine courtrooms in the annex which was recently completed. The majority of the courtrooms are actually in the old facility. I believe there are——

Ms. NORTON. There are some courtrooms in the Annex, and there are some in the old facility. Is anybody being pushed out into the street, Mr. Foley?

Mr. FOLEY. I don't believe at this time.

Ms. NORTON. Is any sharing of courtrooms going on in the Prettyman Courthouse?

Mr. FOLEY. I believe there actually is some sharing going on, in part as we move folks around in preparation for the modernization of this facility.

Ms. NORTON. Well, you know, they better stay put. Because, as it stands now, we are not requesting to approve the Prettyman Courthouse.

You have to get those answers to us. And you know what? We need those answers before the hearing. Because if you think getting answers after a hearing means we say, OK, it is OK—what was disturbing is to hear you tell us when the courthouse was approved in 1997. Duh? So once you approve it, what you are telling me is GSA never looks at it again, but it just keeps on going.

It seems to me a review was in order here before pushing up to the top a high-profile courthouse that happens to be in the Nation's capital. I don't know why we ought to be more open to this courthouse than others. If you came forward with a comparison between its needs and the needs of others, perhaps we could understand. But the Federal Government looks foolish if it in fact proceeds now to modernize a courthouse that it has just given an addition to without any indication of the need compared with other courthouses in the United States.

We are not going to do it. The burden is on you. Right now, the burden hasn't been met. The Prettyman Courthouse is not in your prospectus, unless you can show us that that courthouse needs renovation more than any other courthouse in the United States that is not on the list. If that is not the rule, then the President's memorandum isn't worth the paper it is written on.

Now, we can't ignore the President's memorandum, and I wish you wouldn't. I regard this as nothing less than ignoring what the President has already said, much less what he is going to tell Mr. Peck at the White House today.

Now, the Ranking Member and I have spoken of our concern about the increasing reliance on leasing. I know, for one, and I am sure the Ranking Member does as well, that we can't go around buying buildings. We don't have the capital. We didn't have it before the collapse of the economy.

But I am very concerned that you are not—and we see that you bought a building last year. You are buying a building this year. We are very pleased to see you are proceeding in that way. I don't see the capital for going around doing what we ought to do. Therefore, we have to look for other ways to see if we can purchase.

Now, one way does not involve purchasing, but it very much involves your lease procurements and the way you do them. Now, you do them through best-practice transactions, that makes a lot of sense normally, best-practice procurements in which you evaluate technical factors along with price in awarding a decision. So we don't want to say there is anything inherently wrong with best value.

But given that lease procurements are highly prescriptive in terms of establishing minimum requirements for many, many technical matters, the present GSA practice of making price significantly subordinate to technical factors is of huge concern to this Committee in this climate. Why should price now—or, for that matter, even before, but particularly now—be subordinate to technical factors which are already prescribed in the prospectus?

Mr. FOLEY. Madam Chair, I should note the majority of our procurements are done through lowest-cost, technically acceptable. So it has to meet the minimum criteria, but we do use low-cost procurement. We do use more complicated source selection criteria to evaluate technical criteria for many of our larger procurements.

Ms. NORTON. It is the larger procurements that I am worried about. That is where we spend the money, Mr. Foley.

Mr. FOLEY. Agreed. Those criteria typically have to do with factors such as space configuration, proximity to public transportation, which was mentioned previously, energy efficiency, past performance of the landlord, project team qualifications.

Ms. NORTON. All those things are already a matter of law. They are already prescribed.

Mr. FOLEY. So I think those are all critical criteria in addition to price for consideration.

As far as location decisions, they are made in accordance with the customer's mission, requirements, and established location policies.

Obviously, one of the things from the executive order on sustainability is the emphasis on transit-oriented, sustainable development. So that is a critical consideration for us through where we locate facilities.

I agree with you that we have an excellent opportunity in the current real estate market to take advantage of many of the lower prices we are seeing at this point in time. We are working extremely closely with our tenant agencies to look at both their requirements, what is available in the existing marketplace, and provide expertise and guidance as far as how they might be able to utilize their space.

Ms. NORTON. Let me ask you about that, Mr. Foley. Just give me a straight answer. Why should price ever be significantly less important as a factor? Should it ever be significantly less important than technical factors?

Mr. FOLEY. I think the critical piece for us is making sure that we deliver a workplace that will satisfy the tenant agency's mission requirement. So if you have a proposal where it is not——

Ms. NORTON. Just a moment, Mr. Foley. You have just walked into the lion's den. Because that is precisely what the problem with procurements has been. Instead of understanding who you are responsible to, you have said more than once during your responses that you are responsible to the agency.

Now, I don't know what we are going to have to do to blow you out of that mandate that you apparently feel you have, but it is so serious that we are designing law that will make you understand that you are subordinate to the committees and through them to the taxpayers.

You are being manipulated in every conceivable way. In my own opening statement, I offered an example of that which was shocking. It happened to have been from Prince George's County, and the manipulation of a prospectus in violation of the prospectus was so serious you had to withdraw it. And now you are here by rote telling me that price can be significantly less important if the agency in fact needs that change. That is why you are not in Prince George's County. That is why you are not even in NoMa here in the District of Columbia within a stone's throw from the Senate, because you pay attention to agencies who obviously have every reason to manipulate.

If you came to me and you said, Eleanor, what kind of house do you want and you don't have to pay for it, I could regale you with technical matters, as you indicate, that I would want, because price would not be a concern.

I must therefore ask you, who makes the decision in a given procurement that price should be below certain technical factors? Who makes that decision?

Mr. FOLEY. GSA is the leasing agency for the government, so ultimately GSA.

Ms. NORTON. Who within GSA? How is that done? What is the process?

For example, is there any written guidance promulgated by the central office of GSA to leasing officers and others to know, so that you don't have—and that is where we are going next. If you want a GAO report to tell us differences among your agencies or your regions, that is what you are going to get. Because what we detect just from what we can see here are determinations in price that we cannot justify.

So I am asking you, who in GSA? What is the process? Is it uniform region to region? Who gets to make these nice decisions on which is more important, price or technical matters?

Mr. FOLEY. First, I would like to respond to a couple of things. GSA, we are expanding our leasing in NoMa. In fact, as an agency, we will be relocating a portion of our headquarters into NoMa. So we have seen a significant increase——

Ms. NORTON. Of course, that does not answer my question. The fact is—because you are only telling us what the Subcommittee has done. It is not GSA that broke open the NoMa matter. It is the Subcommittee. And do you know how we broke it open? Don't take any credit for what we did. We put in the prospectus that you had to come back to the Subcommittee before deciding to lease on K Street rather than in NoMa on Massachusetts Avenue. Now you are taking credit for that. That happened because we required it to happen.

And still you violated the prospectus when it came to Prince George's County, because you ignored that mandate and did not come back to us to tell us that the agency involved wanted changes, such as hair saloons and places of worship. So, yes, you are absolutely right. NoMa got broken open, and we are going to break open the rest of this as well.

But you are not answering my question, and it is not good form when my question is one thing to go to another.

Now, my question is—and you realize the significance of my question by the priority I have put on understanding best value. I want to know—and I will say it again—who in GSA makes the decision on best value? Are there written guidelines so that there are not one set of best-value decisions made in one region and another made in another region? That is what my question is. That is what I want to know, not about NoMa, which is what this Subcommittee did, not what you did at all.

Mr. FOLEY. Yes, Madam Chair. We have had inconsistency from region to region. However, we are going through a major reinvention of our leasing program at this point in time. We are working to provide consistent guidance to all of our regions so that they do their procurements in a similar fashion, whether it is consistency amongst the solicitations all the way through the process.

As far as who directly decides in the procurement process, it is the contracting officer and the project team that work together in terms of developing the source selection criteria.

Ms. NORTON. As I understand it, you are promulgating such guidance?

Mr. FOLEY. Yes.

Ms. NORTON. So you recognize there may be differences without guidelines. You can't expect bureaucrats out there to proceed if they don't have guidance from central headquarters.

Mr. Foley, we are going to require now that before we receive a prospectus you must come to the staff so that we can beforehand look at evaluations on price alongside technical factors. We do this because the President himself is requiring large changes, some of which are going to come out of our budget, and could and should, and we perceive that this loose using of technical factors is basically a way for agencies essentially to design their headquarters through leasing as they see fit.

We do not say that that is your intention. We do say that we believe unless you can show us this is not the case that that is the result.

I have other questions for you, but I am going to go now to the Ranking Member.

Mr. DIAZ-BALART. Madam Chairwoman, if I may, and again as I mentioned before, Mr. Foley is a good man, he is trying to do the best job he can and trying to answer these questions.

I really don't have questions or comments for him. I really want to kind of speak among ourselves here, if that is OK.

Look, we have the same issue with the San Diego courthouse, by the way. It is business as usual, but, frankly, worse, because now we have the information. As you said, I guess it is when a decision was made, whether it was years ago, they can't change it, whether or not we have proof that the money is being wasted. So that seems to be the case with this agency.

Really, my question and my comment, Madam Chairman, is more of an internal thing to us. We know what the problem is. There is a huge problem here. There is an attitude of "we are going to continue to waste the money." The San Diego courthouse that we have been speaking about in this Subcommittee way before I was on the Subcommittee, Madam Chairman, you are more aware of it than anybody else, now we see that what they are doing with that courthouse is the same kind of thing. There was a deal cut to allow the construction to go forward but to bring in agencies and other departments that were in leased space into that new facility that was being built.

Now that is not what is being done here. That is not what is being proposed. Now they are proposing moving people out of the old courthouse, and then you have to renovate the old courthouse, as opposed to just while we are building this new one let's get those who are in leased space in there.

We could go on forever. So I think really the question and the comment, Madam Chairwoman, is really almost towards you, which is I think we need to figure out what we need to do in order to, frankly, try to reverse and stop this.

As I said before in one of the hearings that you led for us recently, when we have facts that prove that the money is being wasted and then the administration, the agency, continues to do so, knowing that it is being wasted ahead of time when we have reports, studies, et cetera, it gets to the point where we are going to have to do our part.

So I think we need to just now kind of figure out what we have to do. Because I don't think we are going to get this agency to change. I just don't. I think we are going to have to do our part. We are going to have to, obviously, contact the appropriators. Unfortunately, we don't have a lot of time, because the information was given to us late, as you already mentioned.

So I think we are going to have to be very aggressive. Because we are getting no help in protecting the taxpayer. We are getting no help in changing the way things are being done. We are getting no help in even realizing the reality we have, studies after studies and fact after fact, showing the money is being wasted and just thrown away.

So I think we are just going to have to do our part; and we are going to have to be, frankly, very, very aggressive. Because I just don't see any help from the agency.

Ms. NORTON. I join you, Mr. Diaz-Balart. We have sat here and preached to an unwilling choir for a long time without results that I think we could justify.

Yes, that is part of the reason we are reauthorizing provisions in the statute and part of the reason why I say we are not going to approve any prospectuses for best value unless we look at them ahead of time. If the agency needs us to essentially act like they are students and we are the teachers, we are going to have to do that. Because, otherwise, we just become a check-off Subcommittee.

At a time when every Subcommittee is trying to save funds, we can't allow a big amount—the kinds of big amounts it takes to lease and construct properties—to simply go with no more indication, for example, that best value is being used appropriately to control price than we have here today.

I am going to go to Mr. Michaud.

Mr. MICHAUD. Thank you very much, Madam Chair.

I have a couple of questions.

Have you done an analysis of what are the total needs of projects out there that GSA has?

Mr. FOLEY. In terms of repair and alterations and new construction?

Mr. MICHAUD. For new construction and alterations, if you have them separated.

Mr. FOLEY. Sure. We estimate our current repair liability for the portfolio somewhere in the range of about $5.3 billion. We know that there are a number of large new construction needs out there for Federal executive branch agencies exceeding another $2 billion, including things like the remainder of the St. Elizabeths campus.

There is a large courthouse construction program as well. Needs on the 5-year plan I think exceed another $1.5 billion to $2 billion, as well as the land port of entry program has about $5 billion worth of construction long term. I think the 5-year plan is significantly less for that. But there are significant needs out there for the Federal inventory.

Mr. MICHAUD. When you look at the projects, do you look at veteran-owned businesses, whether or not they would have a priority in that regard?

Mr. FOLEY. Certainly. We follow all the procurement rules and the preferences required for the small business goals, including veteran owned.

Mr. MICHAUD. What about project labor agreements? Do you sign any project labor agreements?

Mr. FOLEY. GSA has been a leader in terms of the implementation of project labor agreements, particularly through the Recovery Act projects. We were one of the first agencies to move out on that and I believe established PLAs in at least four projects and identified ten projects that we are looking at negotiating them as we move forward on.

Mr. MICHAUD. OK. When you talk about agencies trying to meet the agencies' needs, does GSA look at—for instance, you could have the Department of Labor, OSHA, EPA, EDA. They all need space. Do you look at co-locating a lot of these agencies, even though they may not want to be co-located? How does GSA deal with that issue where you are involving different agencies and different needs?

Mr. FOLEY. Certainly. We do look at the overall Federal requirement. When an agency comes to us with a housing need, we look at what we have in terms of existing federally owned space, what we might already have under lease, and what the alternatives are for leasing. If there are opportunities for economies of scale provided through co-location, that is certainly something we look at pursuing.

If there isn't sufficient existing federally owned space, one of the issues with co-location is, depending on the given real estate market, if you consolidate three or four agencies together, you may drive the requirement so large that existing space may not be available; and so in some instances that can actually increase costs. So it is sort of a delicate balance, and it is definitely something that is real estate market specific as to how we handle that.

We also have to consider the compatibility of the agencies. And the ones you mentioned might be compatible, but you have to look at law enforcement versus those with, you know, public access and that sort of thing. So all of these criteria are factored into our locational decisions.

Mr. MICHAUD. How do you prioritize the agencies list that you have to deal with? Is it by region or is it—how is the prioritization done?

Mr. FOLEY. In terms of priority, it is many of the factors that I mentioned in my opening statement. So we do look at the mission need, the priority for the tenant agency. But, also, there are a number of factors that, frankly, weigh equally as much in terms of the benefit to the taxpayer, return on investment and payback period, improving the condition of existing facilities, environmental usage, improving the energy efficiency and high-performance green building factors, stewardship roles such as historic preservation of significant government-owned assets, all of those. There is a myriad of factors that go into it.

Mr. MICHAUD. Have you looked at—just looking at some of the projects on your list—the new construction, the $380 million for the St. Elizabeths—have you looked—I am not picking on that one, but have you looked at the needs out there for energy efficiencies, for projects that actually might not be as expensive, that you can wipe off the books, so to speak? A lot of smaller projects versus doing a larger project?

Mr. FOLEY. Certainly. You will notice we have a $20 million line item for energy efficiency and high-performance green building features. A lot of that is for that.

We also are working to become a green proving ground where we can address a lot of these smaller issues for specific buildings and improve the energy efficiency of them. We have a number of goals to meet under the Energy Independence and Security Act and the executive order, and that is what a lot of these funds are for, for many of the smaller projects that wouldn't rise to a full building modernization to allow us to do things such as integrated photovoltaic sun roofs or cool roof technology, a lot of different things.

Mr. MICHAUD. I see my time has expired, so thank you very much.

Mr. FOLEY. Certainly.

Ms. NORTON. We will hear next from Ms. Edwards.

Ms. EDWARDS. Thank you, Madam Chairman.

I have a couple of questions. Can we go back to this issue of best value and how and when you make a determination that price in terms of its importance for consideration sort of falls below some of the technical factors?

Mr. FOLEY. Certainly. I think, as I said before, you know, the majority of our procurements are done with low cost, technically acceptable. But we do source selection, particularly when it is a much more complicated requirement for specialized space where technical factors are critical.

Also, for some of our larger procurements which, as you know, are a lot of the bigger dollar acquisitions, where there are a myriad of factors, including price, which are important, but making sure that we do have something that provides the best value, not just to the occupying agency but to the taxpayer as well.

Ms. EDWARDS. So, let's take, for example, the solicitation—the prospectus, rather, for the DHS Annex. On April 1, you issued a solicitation for offers up to 1.136 million square feet of space to house three tenant agencies. The offers were originally due on May 7. That was then extended by a week to May 14, so an extra week.

In that submission, the offers had to include evidence of, quote, all final base building zoning subdivision site plan approvals and any other required local, regional, State, or Federal Government approvals that might be required related to the base building utilities, stormwater management, parking facilities, and landscape requirements.

My own experience, just as an activist doing zoning and planning work, is that there is no possible way that you could get through probably in any one of our jurisdictions—I know one of the ones I represent, Prince George's County—that process in 4 weeks or in 5 weeks. So can you just tell me then on that particular prospectus what is the average or even median time for site-planned approval processes in the various jurisdictions in this metropolitan area? Do you know?

Mr. FOLEY. I do not know. And we can certainly follow up with that information, based on our experience.

I think the DHS omnibus prospectus—I mean, it was shaped and designed to allow for the maximum competition possible but, at the same time, meeting the timeline for the Department of Homeland Security and aligned with other expiring leases that we have.

Ms. EDWARDS. Right. But let me just go back to this, because I can assure you that that process generally takes between 12 to 18 months to complete that process in the local zoning and planning process.

Site plan approvals, all of that, stormwater management, meeting local zoning requirements, 12 to 18 months. I would be shocked if GSA could come back and tell me that in any of the jurisdictions in this metropolitan area that that would not be true, just absolutely shocked. I mean, I have sat in on these hearings for months and months and months. So I would be interested in an answer for that.

With respect to that particular solicitation and the other one that was referenced by the chairwoman regarding the Health and Human Services facility, there was a change in the prospectus from 9-foot ceilings to 8-foot ceilings. When my staff inquired to you, the GSA, about that change, it was described in both of those instances, two separate teams doing them, that it was a typographical error that resulted in exactly the same change to the prospectus, which, in effect, favored one jurisdiction.

Is it the practice of GSA, in the prospectus process of amending a prospectus, to make that kind of technical change, what seemed on its face to be a technical change? What's the process? How do you make a decision that a prospectus has to be changed to reflect a change from a 9-foot ceiling to an 8-foot ceiling?

Mr. FOLEY. I believe that in that instance I have also heard that it was a typographical error.

Ms. EDWARDS. Two typographical errors, right? Same two typographical errors.

Mr. FOLEY. Yes. I believe the intent in that was to increase the competition, allowing more existing buildings to compete and so, again, looking for the best value and trying to maximize competition. I think that it—you know, it does have to do with the level of competition and what we are seeing in the marketplace. Clearly, if there has been an error or omission, we will clarify and look to make that clarification amendment.

Ms. EDWARDS. So if you are maximizing competition but the result is that you are including then competition which results in greater rental price by adding in competition that brings in another jurisdiction, it is hard for me to see that that actually makes it a better deal for the taxpayers.

So, for example, if there is a disparity from Washington, D.C., of $49 per square foot to Northern Virginia, which is $38 a square foot, to Maryland, which is $34 a square foot, where do you think the best value is for the taxpayer.

Mr. FOLEY. I mean, obviously, price is a key consideration, as well as the quality of the building and what we get and how does that meet the customer agency need.

Ms. EDWARDS. How does it meet the taxpayers need?

Mr. FOLEY. I mean, ensuring that they can efficiently carry out their mission is a key component. Obviously, price is also a critical consideration.

Ms. EDWARDS. And so, in a metropolitan region, how does GSA make a determination that there is that wide a variance, I guess it is, about a $15 per square foot variance in a metropolitan region? How does GSA come to that conclusion?

Mr. FOLEY. Certainly. When we determine the maximum annual rental rate in the jurisdictions, it is based on an analysis of the cost of existing lease space and existing market space, what is available. And so, looking at the average cost of space within each of the jurisdictions, how much space is available and what we believe we can lease it for in a given program year.

Ms. EDWARDS. And so how will one jurisdiction ever be competitive, given that consideration? And especially when price isn't, you know, at the top of the line?

Mr. FOLEY. I mean, I think our goal is to maximize competition. Certainly we want to make sure that all jurisdictions are competitive in our procurements where that is possible.

Ms. EDWARDS. Thank you, Madam Chairman.

Ms. NORTON. I thank you, Ms. Edwards, for those probing questions.

I want to finish off this best price—this concern I have with best value, and the reason I spend the time on it is I detect the possibility of real savings there. You know what the public thinks? The public thinks price is what matters. We would have to explain to them about best values. And it is very, very unfortunate to give best value a bad name. That is what GSA, I believe, may be doing.

For example, you had a protest actually sustained just 2 weeks ago, June 1st. It had to do with your procurement for an EPA space in San Francisco. And I want to quote what the Controller General said in overturning, essentially, what GSA had done.

In responding to this protest, GSA furnished us with several versions of the Source Selection Evaluation Board's final technical evaluation report. The agency was not able to identify which if any of the versions represented the consensus views of the evaluators. Only one of the three versions of the report furnished to us included signatures in the blanks for the SSEB members signatures, and the dates that the evaluators signed varied. The differing dates of signatures, along with different versions of the report, suggest that the report was revised as it was circulated among the various members for signature.

Troublingly, there is no evidence that the version that included final edits was recirculated for approval to the board members who had signed off on earlier versions. This seems to show something close to disregard of a process, certainly lax discipline in making perhaps the most important decision you could make which is how much should it cost the taxpayer.

Does GSA have standard procedures, or does this fall under the answer you gave me before that you are going to have to develop such guidelines so that these procedures are standardized?

Mr. FOLEY. I am not aware of the specifics of that case, and we will be happy to follow up with you on that.

As far as how the procurements are run and how they go, we do have procedures in place for how source selection boards are established. The standards, as far as the criteria, may not be as consistent, and that is one of the areas that we are looking at.

Ms. NORTON. What percentage of your protests are sustained in favor of the protestor?

Mr. FOLEY. I don't have that information.

Ms. NORTON. Get that information to the Subcommittee within 30 days. We want the protests that GSA has lost, let me put it that way, over the last 5 years. We understand that government-wide only about 20 percent does the government lose. We would be interested in knowing.

Ms. NORTON. Do you circulate the protest decisions so that contracting officers across the country can benefit from lessons learned?

Mr. FOLEY. We do have a network of our realty services folks, the leasing community. In fact, they are meeting this week in Washington, DC.

Ms. NORTON. The leasing community. You mean the people who make these decisions on the boards?

Mr. FOLEY. Well, it is the directors for each of our 11 regions are meeting here and then they do work with their folks.

Ms. NORTON. Do you circulate—look, I am a lawyer. If I am in a law firm and the firm lost a decision of a court, I would want everybody within that section of the firm that deals with those matters to read that decision.

I am asking you if the decision itself is circulated so that throughout the region people can understand why they lost a protest. A protest is a very heavy thing for an agency to lose. Very, very costly for the protestor but terrible for the agency. Do you circulate these decisions so that people can learn not to make that mistake again?

Mr. FOLEY. I am not aware of a formal process where we circulate the actual decision. If there is an issue where we need to clarify a policy or reiterate, we do that as a result and that does get circulated to all members of the real estate community.

Ms. NORTON. All right. When do you intend to have this guidance to regional employees done with respect to the best value and technical matters that we questioned you about before? When is that guidance due to be done?

Mr. FOLEY. I will have to confirm that.

Ms. NORTON. Would you confirm that by close of business Friday, what is the date for this guidance, and would you make sure that it includes circulation of all matters where the agency has lost a protest?

I want to ask you about another recent matter that came before this Subcommittee as it relates to yet a new issue, and I am now referring to the Emmett Bean Federal Center in Indianapolis. It houses the Defense Finance Accounting Service. Now, GSA proposes to spend $19.33 million in security upgrades. I want to know what percentage of these upgrades are driven by DOD's antiterrorism standards.

Mr. FOLEY. I believe the security enhancements are as a result of the DOD antiterrorism force protection standards and the USC code. What I am not aware of, and we can certainly——

Ms. NORTON. I am sorry. I didn't hear what you said there. The what?

Mr. FOLEY. The USC code which shapes the antiterrorism force protection standards.

Ms. NORTON. Now, are you aware that DOD's authority is to promulgate security standards limited to military installations? And I am going to ask you, is the Indianapolis Defense Finance Accounting Service a military installation?

Mr. FOLEY. I am aware of similar concerns. We are actually working with the Department of Defense, and I understand they have been meeting with your Committee as well. There has been a broader interpretation that the security criteria apply to all Department of Defense facilities, and we have been working under that criteria as well. So under those criteria, it would.

Ms. NORTON. I understand from staff that they will be meeting and have been meeting with DOD personnel. But I must ask you, Mr. Foley—and we understand you are not the person in charge, you are the deputy, and I suppose you ought to know these things and be as involved in these things as anyone else—but has GSA ever made an attempt to challenge the applicability of the antiterrorism standards by saying, look, military installations, our lawyers tell us that accountants don't usually operate in military installations. Have you ever even challenged them?

Mr. FOLEY. I am not aware of a formal legal challenge that we have made. We do work with them——

Ms. NORTON. I am talking about—I don't mean a formal legal challenge. Have you ever sat down with DOD and said, you know, you could save a lot of money for the taxpayers if we didn't have to do $19.1 million in security upgrades for some accountants who al Qaeda does not tend to target.

Mr. FOLEY. We have sat down with them and discussed the implications of security requirements on the cost of many of these projects. I can't speak to and I will defer to the Department of Defense on how they develop their criteria and how they determine their risk levels. But we do discuss tradeoffs and things that we might be able to do that may be more economically efficient, such as hardening of the facility, as opposed to setbacks and those sorts of things that are tradeoffs.

Ms. NORTON. Did you do so with respect to this facility before it was—before it became controversial?

Mr. FOLEY. I believe we did.

Ms. NORTON. I agree with the Ranking Member, though. I believe that the reluctance of GSA to take on even peer agencies, I don't have any confidence that you would take on the DOD by just sitting down and having a conversation with them. We don't see any implication of that. It was a shocking hearing we had on DOD and its application of these standards, which, by rote, GSA was just carrying out. Hey, we want them with the accountants. We want them——

And they were clear at the table. They say, we think anything with defense in front of its name, in fact, should have these standards. And when we pointed out to them that the word is military, not defense, they had absolutely no response except that is the way they think it ought to be. So when they think it ought to be that way, with all the—and here we documented in that particular case four times the amount that it would otherwise cost. This was the military plan.

If they think it ought to be that way and if GSA thinks it ought to be that way, what the Ranking Member says is correct. Then we have got to make many of these things a matter of law. So we are going to help you out.

Let me ask you about the DHS headquarters at St. Elizabeths, where GSA is requesting $10 million for new pedestrian tunnels. Where are these tunnels and why are they needed?

Mr. FOLEY. Certainly. The majority of that funding is for a tunnel that is on the west campus. It provides for utility infrastructure and connection between the central utility plant and the operations center. I believe that is about $8 million of the total cost.

There is also a portion that goes for——

Ms. NORTON. So $8 million is not for people to pass from one side of the street to the other?

Mr. FOLEY. Correct. I believe it is for infrastructure.

Ms. NORTON. But, of course, the words used in the prospectus is pedestrian tunnels. If you are saying you are also going to put some of the wires and cables up, we understand that. But you label them yourself—I am using your language—pedestrian tunnels.

Mr. FOLEY. The language in the prospectus is not correct then. My understanding is that $8 million of that estimate is for a particular tunnel on the west campus.

Ms. NORTON. So we can cut it by $2 million, because we don't need the pedestrian part of it.

Mr. FOLEY. Well, the $2 million is for the pedestrian connection from the east campus to the west campus. We worked with the Department of Homeland Security, and part of our commitment is to provide a unified campus to fulfill their mission of the consolidation on the St. Elizabeths campus. When the FEMA portion, when it was decided that would be located on the east campus, we agreed to provide secure access from one portion of the campus to the other so that we only have to badge in and out once.

Ms. NORTON. Let me understand this. One part of DHS, among the several to be located there, will be on the other side of the street.

Mr. FOLEY. Yes.

Ms. NORTON. Let's assume that is FEMA. And I am sure there is going to be—that is why we want consolidation—business between FEMA and what is on the other side of the street.

Mr. FOLEY. Yes.

Ms. NORTON. Why can't people just cross the street, Mr. Foley? Is a campus, for example, of the kind we have all around this region—let me start with the one that you are sitting on. To be sure, after the House was built, we had tunnels. But we sure didn't have tunnels for most of the time. It is a campus. Universities have campuses. And a campus means or implies that you get to walk around the campus. We are not creating one building. We are creating a campus.

Now, you are about to get into something very controversial, because the appearance is that the agency is trying to seal itself up within the complex and, in doing so, to discourage. One of the reasons we build in such areas, by executive order, Federal buildings, Federal agencies look for areas like this area to build in because it helps to, in fact, invigorate the area. That being the case, I don't know how that will happen if you instruct employees to take the tunnel across the street, rather than to walk across the street.

You are creating, for the first time, a face for the project that has been very well received. It has been very well received in the community. If, in fact, this tunnel goes ahead without some overriding need being shown, you will tear all of that up. It will be seen as impossible, therefore, to foster the commercial and retail on the other side because there will be nobody to go to it.

Remember that the agency already will have an unfortunate frontage not of its making. It is behind an old-fashioned high wall, very high, very foreboding because the St. Elizabeths was built for what they regarded as mentally insane people who shouldn't get out; and they had a whole community there. It was, by the way, a state-of-the-art facility.

But that wall was really meant to keep people in there. That wall is a historic wall. We are not going to take down that wall. So you are already walled up. And the surrounding community and the District of Columbia understands that. It is very difficult to understand who would go outside if, in fact, all you had to do was walk under the street, not around the campus as we walk around this campus, for example.

Mr. FOLEY. We believe Homeland Security will be a good neighbor to the community. And, you know, as you are aware, we fully support the redevelopment and we think that is one of the big benefits of this project. And we thank you for your support and help in getting the dollars to move this program forward.

I think one of the things that will help in terms of that is the parking ratio. As you know, we work closely with you all to ensure that there is only a one-to-four ratio, encouraging the use of mass transit, as opposed to everyone driving their cars on to the secured campus.

Ms. NORTON. Well, how is that going to help? Because the mass transit is located nearby, but you are going to have to run shuttles, aren't you, in order to connect with the mass transit?

Mr. FOLEY. I think there is a portion of that. But as the redevelopment happens in the area through mixed use and retail, we are also hopeful that as folks are coming to and from work that provides an opportunity. We believe that as the redevelopment takes place it will provide an impetus for the employees to go out into the community.

Ms. NORTON. Do you agree that the amount of amenities located within the building should be limited in order to encourage use of retail in the neighborhood?

Mr. FOLEY. I believe that there are a limited number of amenities planned for the campus. It is similar to what we have in other campuses and facilities. Part of the intent, as you mentioned, is to foster economic development in the local community. So we certainly do encourage folks within the campus to go out and take advantage of those amenities within the local community.

Ms. NORTON. Mr. Foley, we will need a detailed written analysis for a tunnel before approving either $10 million or any amount of that for a tunnel beneath the building. It doesn't need to be in this prospectus. You are not even close to it. But we have not heard, and I am not—perhaps you did not know because we did not get the prospectus early enough for you to be prepared. But we are not going to spend—I mean, I see this as a nice, large opportunity to say to the administration, we hear you. We are cutting $10 million for a tunnel.

Among the things we do not do today is dig tunnels. We have tried every way to see whether tunnels could solve some of our problems. There was huge concern when Pennsylvania Avenue was closed in front of the White House and all kinds of people, all sorts of suggestions. And one of them was to do a tunnel under Pennsylvania Avenue. And at that time it was interesting to hear the responses. And it was, we just don't do tunnels anymore. We do not do tunnels. Tunnels are so costly that the Federal Government essentially is out the tunnels business.

And you are out of business for it unless you can show us an overriding reason why a tunnel—overriding. It has to be very, very important as to why we ought to say to the taxpayers you are not only building these people some brand new buildings, you are making sure that in inclement weather they don't have to go out and cross the street.

Now, we understand that on campuses that you are used to people have to do that, but we think these people deserve every amenity, so we are spending $10 million to make sure they can cross the street, consisting of a few hundred yards.

So even as I lay out the case, I lay out a case because I want a rebuttal, not because we have made a decision. But I need a rebuttal. In the absence of a rebuttal, there will not be a $10 million tunnel.

Here is something that we would like to see, a model we would like to see you build on. I mentioned the Martinsburg, West Virginia, facility. Purchase. It was an option embedded in a release from 1995. Now, apparently, this fixed-price option did not render the lease a capital lease when it was negotiated in 1995; and that would have, of course, brought it within the Budget Enforcement Act.

Why doesn't GSA routinely negotiate fixed-price options when agreeing to the terms for whole building leases as long as the fixed price is not a bargain on its face at the time it is negotiated? Now here is a more creative thing you could have done. Why don't you do that?

Mr. FOLEY. My understanding of the purchase option for Martinsburg is that the clause in the lease actually says it is for fair market value. We estimate the fair market value to be at the price in the prospectus.

Currently, we are prohibited from pre-negotiating a strike price. And we do work to get purchase options in many of our leases, particularly when we know there would be a long-term advantage to Federal Government ownership.

Ms. NORTON. Wait a minute. This was a fixed price. What differentiates this? Why are you able to purchase this building? We would like to see more of it.

Mr. FOLEY. Certainly. I mean, we do have a purchase option in that lease; and many of our leases have similar purchase options. The clause says something along the lines of for fair market value. It doesn't pre-determine a price.

Ms. NORTON. OK. Why can't we do that so that we can purchase more buildings?

Mr. FOLEY. We do include those in numerous leases, such as many of the FBI facilities and others.

Ms. NORTON. All right. The fair market price according to the records we have, in April, was 28,000—I'm sorry. $28,400,000. However, the building and site acquisition amount is $24,767,000.

Mr. FOLEY. I will have to confirm those numbers and follow up.

Ms. NORTON. Real important, because it looks like you are buying it for below fair market price. Within 30 days, we need—well, given how late this is, within 10 days, we need an explanation.

Mr. FOLEY. Certainly.

Ms. NORTON. We want to encourage this. We are not criticizing this. Some perhaps good lawyer has found a technical way for you to buy buildings without scoring. You ought to be jumping for joy, especially in light of a very troublesome, at least on its face—perhaps you can explain. It had to do with the FBI garage in Detroit, very expensive. You are building a garage annex. This building is called the Patrick McNamara Federal Building. It has a large price tag, $45.6 million in total costs. Fairly modest garage. That amounts to $176,000 per space for 259 vehicles to be parked there. So we need an explanation as to why GSA is proposing to spend $185 per square foot for a garage project. We understand indeed the FBI advises that their garages typically cost in the range of $30,000 per parking space. This is roughly six times higher. Could you explain this?

Mr. FOLEY. Certainly. This project is tied to actually some Recovery Act funding that we are doing for conversion of the McNamara building to keep FBI in there. As you are well aware, this Committee authorized a lease prospectus for the FBI in Detroit that we are not moving forward with. So we actually believe this is a good story. As opposed to spending over $160 million leasing for the FBI over the next 15 plus years, we are combining the $45 million for the garage with $55 million in the Recovery Act, a significant savings for the taxpayer.

The project is for a garage and vehicle maintenance facility. It is not a typical parking garage that you might think of. As I understand it, it is going to house the automotive maintenance program, electronic technician program, and evidence response teams, each with vehicle bays, storage facilities, and work areas. So it goes well beyond that.

In addition, the facility also provides secured covered parking and access control for the FBI's government vehicles, specialty vehicles like panel trucks, bucket trucks. They also have command post vehicles, trailers, all kinds of other things that are fairly unique that you wouldn't see in a typical parking garage for government construction.

Ms. NORTON. Yeah, it looks like some of it is just storing cars or doing maintenance. I don't see why that gets the price so high. $45.6 million in total cost.

Is there an oversell factor here? For example, are you taking into account that on any given day some will be on vacation or sick leave or travel status? What diversity of factors did the FBI and the GSA use to arrive at this requirement?

Mr. FOLEY. I will have to follow up with that information.

Ms. NORTON. Ten days. We need it, in light of the lateness of this prospectus. In fact, everything that has to do with this prospectus should be to us within 10 days if you all expect this prospectus to be approved by this Committee in time and before the appropriators, before we speak to the appropriators.

[The information follows:]

P.V. McNamara FBI Annex

This project proposes to construct a 246,000 gross square feet (GSF) annex to the P.V. McNamara Federal Building for occupancy by the FBI.

This annex is one structure and will serve two distinct types of occupancies:

1. It will house FBI special program functions, and
2. It will accommodate the unique parking needs for FBI government vehicles.

Originally, the proposed solution to meet FBI's requirements in Detroit was going to be a build to suit lease. The total cost of lease payments for 15 years would have been $164 million over the term. At the end of the term, GSA would have had to renegotiate another and more expensive lease term.

Ensuring to also meet the needs of the customer, GSA is pursuing a more financially prudent alternative with the annex. ARRA provided $55,290,000 to accomplish work in the McNamara Building to not only accomplish high performance building features but also provide a long term housing solution for the FBI Field Office. GSA's FY2011 design request is for the construction of the $46 million annex. The total cost of the McNamara work and the annex is much less than the proposed lease solution for 15 years.

This project lends itself to a certain level of complexity due to the annex. This building is within a parking structure. Since this is not considered a typical parking facility, the DHS threat assessment of the proposed annex recommends an Interagency Security Committee (ISC) Level IV security measure due to the nature of operations and tenancy within the special program area. To meet this measure, the annex will require increased security features, such as blast mitigation, progressive collapse, acoustic control, video surveillance, and intrusion detection, which is all beyond what a typical parking-only facility would require.

Regarding the tenant agency's special program functions, the annex will provide approximately 36,000 GSF of space. The estimated total project cost attributable to this special program portion of the annex is approximately $19,100,000. The special program portion of the annex includes a combination of office space, special operations areas and automotive maintenance facilities. Necessary to support the parking area, the special operations areas and automotive maintenance facilities require heating, cooling and ventilation, electrical service, and life safety build-out.

The 36,000 GSF special program portion of the project includes:

- Common areas & meeting rooms
- Telecommunications
- Firearms rooms
- Confidential storage
- Suspect areas
- Evidence Response rooms
- SWAT Operations
- Task Force Operations
- Electronic Controls Facility

The second aspect of this project, the parking area, is not a typical parking garage, as previously mentioned. The secure parking portion of the annex will provide approximately 210,000 GSF of space to accommodate secure parking requirements for the FBI's government owned vehicles. It will also include associated building support space, which will require specific structural systems to allow the building structure to support the load of the build-out that will be necessary to comply with the ISC Level IV requirements.

Besides the additional structural requirements for security, the parking garage differs from a typical garage by its support functions. In addition to being used for day to day parking, the parking garage will house armored vehicles along with the storage of oversized vehicles. Due to the automotive maintenance facility in the annex, the parking garage will also utilize vehicle lifts. All of these aspects are atypical of a standard parking facility.

The exterior wall for the parking deck shall consist of cast-in place reinforced concrete and shall be designed for anti-ram resistance. The concrete exterior wall and interior pre-cast concrete shear walls in the parking deck will be designed to resist the lateral wind and seismic forces acting upon the building. The estimated total project cost attributable to the parking portion of the annex is approximately $24,000,000 of which $12,600,000 is the cost attributed to the superstructure build-out itself.

The project also includes approximately $1,000,000 in perimeter security upgrades to meet both FBI and DHS ISC requirements for the entire Federal complex (McNamara Federal Building, existing Federal parking garage, and the proposed FBI annex).

Approximately $2,000,000 is estimated for the removal and backfill of approximately 3 feet of soil across the entire site, relocation of existing electrical and sewer utilities, and building foundations for the planned project construction.

Additional Information on Structural Systems

The structural systems for the superstructure of the annex shall be constructed of cast-in-place reinforced concrete as post tensioned concrete is not permitted.

The structure will be constructed with two supported concrete levels to house parking, the additional special program functions, and mechanical and electrical equipment. The top level of the structure will include a roof for the parking.

In addition to the recommended live loads, the roof will be designed to support roof-mounted mechanical and communications equipment as well as future parking. The floor and roof framing will be designed for strength, as well as to limit deflections, per the recommendations of the building and design codes for all of the applicable dead and live load conditions.

Occupied floors shall also be designed to limit vibration per ISC recommendations to provide human comfort. As a minimum, the peak acceleration due to walking excitation shall be limited to 0.5% of the acceleration due to gravity.

Ms. NORTON. Could you explain what steps you at the GSA are taking to implement the President's June 10 memorandum on unneeded real estate? For example, he wants the further consolidation and reduction of data center space and to assist agencies in measuring their own utilization and occupancy rates. What guidance does GSA anticipate as a result of the President's memorandum?

Mr. FOLEY. Certainly.

As you mentioned, the memorandum was signed just last week directing the Federal Government to look for up to $8 billion in savings. I believe $5 billion of that is BRAC related and $3 billion for other Federal assets. This will dominantly be achieved through the disposal and proceeds from unneeded government-owned assets and reducing operating costs and more efficiently using existing facilities and new facilities.

Clearly, our first priority is working with the agencies. GSA has the lead for developing the guidance that will be done within the first 90 days or within the next 90 days. In fact, that's why Commissioner Peck was unable to be here today. As I mentioned, he is at the White House complex on a meeting kicking that off to help set the direction for that.

The first priority I think that we are working with other landholding agencies and reviewing our own portfolio for is to expedite the disposal of unneeded Federal assets and the demolition of properties in many cases on a Federal complex where we may be spending operating costs on these facilities or where we have an opportunity to achieve proceeds from the sale of them. So opportunity for multiple savings there.

We are also working to improve the utilization of space. As leases expire or we renovate and reconfigure existing Federal facilities, we are looking for opportunities to improve our utilization and the density of use, which would allow us to either eliminate space or backfill with other functions.

We are working closely with agencies to review their requirements. And one of the things that we are doing is, as the agencies come to us and say, for example, I need 100,000 square feet of space, GSA is taking a much more active role and aggressive role, saying can you really do it with 75,000 or 80,000 square feet? Help us understand your requirement because we think there may be a better way to do this, and pushing back on agencies to better utilize their space.

You mentioned the data centers. That is another critical area where we believe there is significant opportunity. Most agencies have their own data centers. With advances in technology like cloud computing, server virtualization, there are clearly opportunities to reduce the number of data centers government-wide; and that could have a significant impact on not only the square footage but the energy performance of the portfolio as well.

So, again, a lot of opportunities out there. GSA is excited to have a leadership role in this, and we look forward to moving forward and helping implement the intent of the President's memo.

Ms. NORTON. I appreciate that this is expertise that GSA would have a leadership role. Our experience is that when GSA gets to the table with other agencies, it is miniaturized. It just doesn't have the stomach to stand up, even behind its own law.

So we will be watching you very closely to see if you indeed offer leadership inasmuch as you have been given a leadership role, largely because of your expertise, not because of your record. For example, your record on price versus technical matters in procurement has been anything but a lead record; and I didn't hear it mentioned among the matters you will be looking at in order to save funds. Are you willing to look at the readjusting or the price, as opposed to technical factors in your prospectuses as a cost-saving matter?

Mr. FOLEY. Certainly. We are always looking for ways that we can maximize the government's position and that we can get the best value for——

Ms. NORTON. I asked about price versus technical matters in particular. Are you willing to look at that?

Mr. FOLEY. I think that is certainly an area where we can look at that.

Ms. NORTON. Are you willing to look at the monies that could be saved with respect to the DOD antiterrorism standards inasmuch as the word military installations is used with respect to implementation of those standards? And clearly millions of dollars could be saved if, with back office employees of the kind we have in the rest of the government, we used general GSA standards and not antiterrorism standards. Are you willing to take a look at the DOD standards?

Mr. FOLEY. Absolutely. And we already are working with them.

Ms. NORTON. Very much appreciate that response.

Before I close the hearing, I want you to make known to the appropriate parties at GSA that for the record we have outstanding requests from our hearing on March 24 entitled Capital Assets Crisis: Maintaining Federal Real Estate with the Dwindling FBF, the Federal Building Fund. Where are GSA's responses, given the fact that 60 or more days have passed since the hearing and some of the responses were due within 30 days?

Mr. FOLEY. I do not know, but I will personally follow up today and find out the status of those.

Ms. NORTON. Please bear in mind, particularly in light of the tardiness of these prospectuses and the capital and leasing program for 2011, that the Committee expects the—particularly when you've gotten, as we always give, timely notice, we expect the prospectuses, the leases to be here. We understand that the leases may have to come a little later, but much of what was in your portfolio was locked in by the President's own budget. So you didn't have very much you could have done because the President had locked you in, and yet we are 4 months late. The effect of that, Mr. Foley, is simply on you. Because it means we are not going to proceed to the prospectus until the questions we have asked have been answered.

We regard these hearings always as problem-solving hearings, so if we seem to be concerned, it is not that we are wringing our hands and we want to beat up on the GSA. GSA has no better defenders than this Subcommittee. What it does mean, though, is that we want to work with the agency in order to solve the problems that we raise. We do not say, go back, fix it, and then come so that we can beat up on you, or you haven't fixed it. We say fix it. And the best way to fix it is to be in close consultation with the expert staff we have.

You may have disagreements with them. That is all right. We will not always respond in favor of the staff decision. Our concern will be if we have laid out problems in the Committee hearing, what has been the response, has it been timely.

Thank you very much for your testimony. Tell Mr. Peck we understand that, why he was not here today, and we look forward to your response and his responses to the questions we have posed.

The hearing is adjourned.

[Whereupon, at 12:02 p.m., the Subcommittee was adjourned.]

Eleanor Holmes Norton

STATEMENT OF
THE HONORABLE ELEANOR HOLMES NORTON
CHAIR, SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS
AND EMERGENCY MANAGEMENT
HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

Building Our Way Out of the Recession: GSA's Construction, Modernization and Leasing Program

Fiscal Year 2011 Capital Investment and Leasing Program (CILP)

June 17, 2010

Welcome to today's hearing entitled, "Building Our Way Out of the Recession: GSA's Construction, Modernization and Leasing Program," an examination of the General Services Administration's (GSA's) Capital Investment and Leasing Program Fiscal Year 2011 prospectus requests. Last year, we noted that the Fiscal Year 2010 request was limited in size and scope, reflecting the unprecedented infusion of funds for construction in the American Recovery and Reinvestment Act (ARRA), or stimulus legislation. The Fiscal Year 2011 request reflects a more robust and comprehensive approach to managing the real estate portfolio of GSA.

GSA's Capital Investment and Leasing Program as well as its ARRA funds enable GSA to manage the general purpose real estate needs of the federal government. ARRA funding served the additional, important purpose of putting Americans back to work. We have held regular hearings to ensure that GSA obligates ARRA funds as quickly as possible. Unlike other stimulus programs, GSA is no pass-through, but is solely responsible for executing these contracts expeditiously and getting Americans back to work. As of May 14, 2010, GSA indicated it has obligated over $4.1 billion to more than 500 companies and outlayed over $367 million of ARRA funding. While obligating approximately 80% of its ARRA funding is impressive, the subcommittee is mindful that U.S. unemployment hovers just below 10%, and the mandate to make haste so that businesses can hire new and retain current employees. ARRA has clearly helped stimulate an economic recovery, but the economy it found was shattered, so full economic recovery will require more coaxing to stimulate a more balanced economy with sensible regulations to prevent another collapse.

The GSA Capital Investment and Leasing Program provides another opportunity to support our ongoing recovery. The largest amount in the request is $1.4 billion in construction, repair and alteration projects. The Fiscal Year 2011 prospectus requests are categorized into four main groups: repair and alteration projects, design and site acquisition projects, construction and building acquisition projects, and leases.

For repairs and alterations this year, GSA seeks authorization of four building modernizations totaling $218 million: the Corman Federal Building in Van Nuys, CA ($11 million); the Frank Hagel Federal Building in Richmond, CA ($114 million); the Emmet Bean Federal Center in Indianapolis, IN ($66 million); and the Daniel Patrick Moynihan Courthouse in New York City ($28 million). In addition, GSA has submitted three omnibus authorization requests for special program funding for a total of $47 million: Fire and Life Safety Projects in various buildings ($20 million), Energy and Water Retrofit and Conservation measures in various buildings ($20 million) and Wellness and Fitness program in various federal buildings ($7 million).

For design and site acquisition, GSA requests authorization to begin design for five projects. Three are alterations to existing buildings and two involve new buildings, for a total authorization request of $102 million. The three alteration project designs include: the Federal Building at 11000 Wilshire Boulevard in Los Angeles, CA ($51 million); the Edward Schwartz Federal Building and Courthouse in San Diego, CA ($22 million); and the Prettyman Courthouse in Washington, D.C. ($23 million). In terms of new building structures, the authorization request is for design of a parking garage annex to the Patrick McNamara Federal Building in Detroit, MI ($4 million) and both site and design for a Land Port of Entry in Calais, ME ($2 million).

For construction or building acquisition, GSA has requested authorization for three projects: the Land Port of Entry in Calexico, CA ($274.4 million); the DHS consolidation at St. Elizabeths, in the District of Columbia ($1,149.4 million); and the purchase of an IRS-occupied building in Martinsburg, WV ($24.8 million). GSA also has submitted 5 lease prospectus requests, with additional lease requests to come at a later date. This subcommittee may again call on GSA to answer questions concerning specific lease projects in its FY 2011 submission.

We must alert GSA again that the subcommittee will hold GSA accountable for carrying out the provisions of prospectuses authorized by Congress, particularly in light of the budget deficits and the requirements of pay-go spending. GSA must not only work collaboratively with the private sector in reducing the costs in leasing and construction. GSA also must be far more vigorous and vigilant in using the role assigned to the agency by congress to be the government's realtor, not merely an advisor to federal agencies. Today, this means indicating to agencies what is affordable and cutting costs across the board- both location and transaction costs.

In the past, developers and Members of Congress have reported to the subcommittee tactics used in solicitations that steer competitors away from the full and open competition mandated by statute. In one instance, GSA listed amenities sought by an agency that included places of worship, a hardware store and a hair salon. Despite a requirement in the prospectus that changes be reported to the subcommittee, we learned of these changes only from a long letter, complete with documentation from a developer who sought to compete. GSA had violated the language in the prospectus that required changes in the prospectus to be reported to Congress, calling its changes "amendments," as if amendments do not change a prospectus. The prospectus was delayed because the offending amendment to the solicitation had to be withdrawn. Reports of this kind require the subcommittee to be vigilant with close oversight after the prospectus is approved. We intend to write the prospectuses accordingly and to make changes in law as part of our reauthorization of provisions of GSA's statute. This subcommittee will not tolerate the use of pretexutal grounds to evade full competition or to direct lease procurements to pre-selected areas of a region.

We are pleased there is genuine opportunity for savings in the leasing program. We intend to press GSA to continue to become more aggressive and efficient in using its market position to identify cost savings when leasing from the private sector. With a portfolio that includes over 197 million square feet of leased space, the potential for savings is outstanding. This subcommittee expects GSA to get the best possible deal for the federal government when identifying local office space for federal agencies by using appropriately delineated areas and running procurements that carry out congressional intent as expressed in the prospectus. GSA must refine its procedures to provide the maximum benefit to the taxpayer by holding down costs far more than the agency has done in the past.

The FY 2011 capital program request, coming in the wake of the more than $5 billion worth of projects authorized and appropriated through ARRA, would suggest that GSA still requires significant capital resources to maintain its inventory of owned properties, and to expand that inventory through new building. The largest amount in this package is for continued construction of the new DHS headquarters in Ward 8 of the District of Columbia. The co-location of the principal headquarters of DHS on the federally-owned St. Elizabeths campus not only expands the portfolio of federally owned real estate, but also creates great value for the taxpayer by avoiding some of the highest commercial leasing costs in the country. The funds for the DHS headquarters are for the construction of 4.5 million gross square feet of general purpose space, exclusive of parking. This is an appreciable amount of construction, but GSA has estimated that it will result in savings of over $500 million, on a 30-year present value basis, in terms of avoidance of leasing space. Moreover, ownership of office space in the District also benefits GSA's Federal Buildings Fund because by charging commercial equivalent rent to its tenant agencies, GSA will be able to earn higher rents in high-cost regions, thereby bolstering the Federal Building Fund.

We also note that, as with last year's proposal to purchase Columbia Plaza, GSA is proposing to purchase another leased building, this one in Martinsburg, West Virginia. Without commenting on the merits of this specific case because we have not yet examined it, we welcome as a general principle, opportunities for GSA to increase its portfolio of owned properties on favorable economic terms through the unilateral right to exercise a fixed-price purchase option on a leased building. We are particularly interested to know how GSA can expand the frequency of such purchases.

Finally, we welcome GSA's input as we take up, through new legislation, the challenges of rebuilding the exhausted Federal Buildings Fund, and of rebuilding the Public Buildings Service, which has been effectively divested of meaningful regulatory authority over agencies for space utilization and efficient space management. President Obama's June 10, 2010 memorandum on efficient management of federal real estate underscores the need for GSA, as the central space management agency of the government, to step up to a leadership role, not just a "trusted advisor" role, in an area requiring great expertise.

I look forward to addressing these issues and to hearing the testimonies of today's witnesses.

STATEMENT OF

DAVID E. FOLEY
DEPUTY COMMISSIONER

PUBLIC BUILDINGS SERVICE
U.S. GENERAL SERVICES ADMINISTRATION

BEFORE THE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

June 17, 2010

GSA

Good morning, Madam Chair, Ranking Member Diaz-Balart, and Members of the Subcommittee. My name is David Foley and I am the Deputy Commissioner of General Services Administration's (GSA's) Public Buildings Service (PBS). Thank you for inviting me here today to discuss GSA's FY 2011 Capital Investment and Leasing Program.

PBS is one of the largest and most diversified public real estate organizations in the world. Our inventory consists of over 9,624 assets with almost 362 million square feet of rentable space across all 50 states, 6 U.S. territories, and the District of Columbia. Our portfolio primarily includes office buildings, courthouses, land ports of entry, and warehouses. PBS's mission is to provide superior workplaces for federal customer agencies at an economical cost to the American taxpayer.

PBS continues to demonstrate strong operational performance, surpassing many private sector benchmarks. As of the second quarter of 2010, 82.6 percent of our government-owned assets are achieving a positive flow of rent revenue less expenses (excluding depreciation) and the percentage of vacant space in our inventory is below the private sector. Our cleaning and maintenance costs also outperform the real estate industry. PBS is becoming a green proving ground for new and innovative technologies and sustainability methods. These efforts enable PBS to reduce the Federal government's carbon footprint and optimize energy savings.

I am pleased to be here today to request this Subcommittee's authorization of the projects in our FY 2011 capital program. We believe these projects best meet the needs of our customer agencies and uphold PBS's mission.

We have analyzed these projects and determined that they support our overall portfolio objectives:

- Providing quality workspace in support of the mission-related goals of tenant federal agencies;
- Maintaining the continued functionality of our buildings and safeguarding the health and life-safety of their occupants;
- Achieving the energy efficiency and environmental goals of the Energy Policy Act of 2005, the Energy Independence and Security Act of 2007 (EISA), and Executive Order 13514 on Sustainability;
- Optimizing the value of our portfolio of owned assets;
- Directing capital resources primarily toward performing assets and developing workout or disposal strategies for under- and non-performing assets; and
- Fulfilling our responsibilities under the National Historic Preservation Act to protect and preserve our historically significant public buildings.

Many of these projects have been funded partly through the previous budget requests or the American Recovery and Reinvestment Act of 2009 (Recovery Act), including the Emmet J. Bean Federal Center in Indianapolis and St. Elizabeths in Washington, DC. The Recovery Act provided PBS with an unprecedented infusion of funds to aid in our nation's economic recovery and addresses our environmental and sustainability responsibilities. These investments are stimulating job growth, reducing energy consumption, improving the environmental performance of our inventory, reducing our repair and alterations needs, and increasing the value of our assets.

REPAIRS AND ALTERATIONS

GSA is the steward of 1,517 government-owned buildings, which have a replacement value of $43 billion. The replacement value is the dollar amount it would cost to replace the building with common construction materials and methods which are functionally equivalent to materials and methods used in the original construction of the building. This value is not the price the property would be worth in the market. PBS is requesting a Repairs and Alterations program of $703 million to enable GSA to maintain and improve these properties so they continue to meet the mission needs of our customer agencies. Each of these projects has a continuing federal need and is capable of becoming economically self-sufficient.

Though significant Recovery Act funding for repairs and alterations has enabled us to reduce our Repairs and Alterations request below that of recent years, reducing our liabilities in this area is still one of our top priorities. The highlights of GSA's FY 2011 Repairs and Alterations Program include:

- $335 million for Basic Repairs and Alterations;
- $321 million for Full Scope and Major Repairs and Alterations;
- $20 million for the Fire Prevention Program;
- $20 million for Energy and Water Retrofit and Conservation Measures; and
- $7 million for Wellness and Fitness Program.

Specifically, this program includes the following proposed major building modernizations:

- $66 million for the Major General Emmett J. Bean Federal Center in Indianapolis, Indiana;
- $11 million for the James C. Corman Federal Building in Van Nuys, California;
- $28 million for the Daniel Patrick Moynihan U.S. Courthouse in New York, New York; and

- $114 million for the Frank Hagel Federal Building in Richmond, California.

Additionally, these funds would provide designs for the following buildings:

- $6 million for the West Wing Design Phase II in Washington, DC;
- $51 million for the FBI Federal Building in Los Angeles, California;
- $22 million for the Edward J. Schwartz U.S. Courthouse and ICE Federal Building in San Diego, California; and
- $23 million for the E. Barrett Prettyman U.S. Courthouse in Washington, DC.

The FY 2011 capital program also includes funding to improve PBS's buildings with additional greening technologies and repairs and alterations to increase energy savings. Funding for the Energy and Water Retrofit and Conservation Measures program is a small but crucial part of our Repairs and Alterations request. Through these programs, we will make improvements similar to those included in our Recovery Act spending plan, but in different buildings. The Energy Independence and Security Act of 2007 sets challenging goals for the Federal Government and for GSA. Beginning in FY 2010, it requires GSA to reduce consumption of fossil fuel-generated energy in new buildings, major renovations, and lease construction and by 2030, it requires GSA to totally eliminate fossil-fuel consumption in our new buildings, major renovations and lease construction projects. EISA also accelerates the rate at which we must reduce energy consumption in our inventory as a whole to 3 percent per year and specifically requires more energy and water retrofits in our existing buildings.

PBS has identified energy and water retrofit projects required by EISA through surveys and studies in federal buildings throughout the country, such as T-8 lighting retrofits, High Efficiency Motor Replacement, and the installation of Advanced Energy Meters. These projects will have positive savings-to-investment ratios, will provide reasonable payback periods, and may generate rebates and savings from utility companies and incentives from grid operators. Projects will vary in size, location, and delivery method. They will include installation of high-efficiency HVAC systems, efficient lighting and controls, variable air-flow systems, building automation control systems, and other energy saving technologies. Based on our real estate experience, we estimate annual energy savings at 366 billion BTUs and $6 million resulting from projects funded with this request in FY 2011.

PBS is requesting $20 million for the implementation of energy and water retrofit conservation projects in government-owned buildings during FY2011. PBS is also dedicating, in support of the Administration's new health and wellness initiatives, $7 million to our Wellness and Fitness program to upgrade, replace, and improve space within Government-owned buildings in support of employee wellness. Typical projects will include upgrades to fitness centers, cafeterias and snack bars, and health units, as well as facility alterations necessary to expand health and wellness services.

PBS is also requesting authorization of $20 million in funding for the Fire Prevention Program. The Program is designed to reduce fire and life safety hazards through a diverse set of retrofit projects including replacing antiquated fire alarm and detection systems that are in need of repair, installing and/or expanding fire sprinkler coverage, and constructing additional or enclosing existing exit stairs to ensure timely evacuation of buildings in the event of an emergency.

NEW CONSTRUCTION

PBS is requesting a Construction and Acquisition of Facilities Program of $676 million. Our request includes funding for site acquisition, design, infrastructure, construction, and the management and inspection costs of ten federal facilities. PBS traditionally pursues a construction and ownership solution for special purpose and unique facilities that are not readily available in the real estate market. In addition, we recommend new construction where there is a long-term need in a given locality.

PBS' FY 2011 New Construction Program is focused on urgent customer priorities ranging from the consolidation of government-critical defense organizations, laboratories for protecting the public health, and land ports of entry to secure our borders. This program includes:

- $380 million for St. Elizabeths DHS Consolidation, West Campus Infrastructure, Historic Preservation Mitigation and Highway Interchange in Washington, DC;
- $174 million for the FDA Consolidation at White Oak, Maryland;
- $8 million for the Denver Federal Center remediation;
- $86 million for the design and/or construction of 2 land ports of entry, Calexico, California and Calais, Maine;
- $4 million for the design of an automotive maintenance and secured parking garage at the P.V. McNamara Federal Building in Detroit, MI; and
- $25 million for the acquisition of the IRS Annex Building in Martinsburg, West Virginia.

LEASING PROGRAM

To meet the space requirements of our clients, GSA has entered into more than 8,975 private sector leases in 8,107 locations nationwide. At 188.4 million rentable square feet, leased space comprises more than half of our total portfolio square footage. We are pleased that the vacant space within our leased inventory has been 1.5 percent or below for the last five years, well below the national industry average of 15.5 percent. We strive to keep leasing costs at or below market levels and have developed comprehensive strategies to do so, including the standard use of industry benchmarks and market surveys to comparison shop for the best value for our customers. In addition to the FY 2011 leasing program, PBS is also seeking authorization for the balance of our FY 2010 leasing program.

CONCLUSION

PBS continues to work with our customer agencies to help them shape their requirements to meet their mission needs, while improving operational efficiencies and space utilization to minimize costs for the American taxpayer. We also work with our stakeholders to capitalize the requirements of our aging inventory and the growing and increasingly specialized needs of our customers. Finally, PBS strives to reduce our asset liabilities by concentrating reinvestment in core assets and disposing of unneeded and underutilized assets.

Madam Chair, Ranking Member Diaz-Balart, this concludes my prepared statement. I will be pleased to answer any questions that you or any other Members of the Subcommittee may have about our proposed fiscal year 2011 Capital Investment and Leasing Program, or any other aspects of the Public Buildings Service.

Questions for the Record

GSA CILP Program Hearing
"Building Our Way Out of the Recession: GSA's 2011 Construction, Modernization and Leasing Program"

June 17, 2010

1. **Relative to "best value" lease procurements:**

   a. **Does the forthcoming Leasing Desk Guide revision address "Best Value" procurements and offer specific guidance as to the appropriate documented basis for making the determination that technical factors are significantly more important than price?**

      The upcoming Leasing Desk Guide is planned for issuance this fall and will address best value procurement from the aspect of lowest price technically acceptable and source selection. Source selection methodology clearly articulates appropriate documentation required to determine the importance of technical factors over price.

   b. **Of "best value" leasing procurements, what percentage make technical factors "significantly more important than price" vs. just merely "more important" or "equal to" or even "less important"? Please submit a report on what percentage of "best value" lease procurements run within the last 3 years have established that technical factors are "significantly more important" than price.**

      We do not collect data on this information and therefore are unable to provide the requested report. The majority of GSA's leases are acquired using the lowest-priced technically acceptable (LPTA) source selection process. The LPTA source selection process is appropriate when the lease contracting officer expects the best value to result from selecting the technically acceptable proposal with the lowest evaluated price. However, for larger dollar value or complex lease procurements with higher performance risk, such as prospectus leases, GSA often relies on the tradeoff source selection process to consider award to other than the lowest priced offeror or other than the highest technically rated offeror. This approach provides the source selection authority with the greatest amount of flexibility to select the offeror whose performance is expected to best meet the stated Government requirements. It allows for the Government to select offers that exceed minimum technical requirements at prices that may not be the lowest but may afford a better value and a better product. The objective is to select the proposal that offers the most for the money, not necessarily the lowest price. Evaluation factors in tradeoff lease procurements generally relate to the real property being offered and should be tailored to the particular acquisition and related to GSA's needs and the market. Some evaluation factors can include quality of building, location, developer's experience, design excellence, and past performance.

c. **How will one jurisdiction within the Washington metropolitan area ever be competitive for GSA leases, if technical factors in aggregate are more important than price, when that one jurisdiction is held to a rental cap of $34 per square foot, whereas other jurisdictions have caps of $38 and $49 per square foot, and the lower rent cap effectively limits what offerors in that jurisdiction can spend on their buildings to address technical factors?**

GSA is committed to maintaining a strong federal presence in jurisdictions throughout the Washington metropolitan area, and strives to give fair and competitive access to all jurisdictions in the procurement of government leases as the area office market continues to develop. Leasing rental rates are established based on market data and analysis within that particular location to determine adequate competition and market reasonableness. Rental rates in the Washington metropolitan area vary throughout DC, Virginia, and Maryland so the rental cap rates also vary.

2. **Does GSA have a formal process to circulate among leasing contracting officers and other realty practitioners such as source selection panel members, GAO decisions which sustain protests of GSA leasing actions?**

GSA's Office of General Counsel distributes GAO decisions sustaining protests of GSA leasing actions via e-mail and policy statements to the parties affected by those decisions and also to its leasing attorneys nationwide. GSA is exploring ways to use such decisions as internal teaching tools to reach a wider audience of leasing specialists.

3. **Provide a detailed written analysis justifying the proposed $10 million on the line item labeled "pedestrian tunnels" in the St Elizabeths prospectus request. Also confirm whether a tunnel is proposed to connect the East and West campus, effectively eliminating the need for street-level pedestrian crossings.**

See attachment A, entitled "Importance of a campus connector - St Es."

4. **Provide a detailed plan for the nearly 100,000 square feet of amenities programmed for the St Elizabeths campus. How does GSA propose to balance the need for certain on-site convenience amenities with the need to foster growth in adjacent, but off-site amenities?**

The amenity spaces at St. Elizabeths have been planned to provide the minimum necessary services to allow effective and efficient campus operations, while at the same time relying on the private sector through commercial development on the East Campus and surrounding community to provide for the broader needs. Amenity space, as defined by GSA, covers many different types of space that, if there were more than one agency as tenant, would be considered joint use space. Given the limitation on development due to the National Historic Landmark status of the campus, the DHS occupancy plan uses joint-use space to gain efficiencies where possible and promote interaction among the components. Such space includes shipping and receiving, just-in time warehouse, child care center(s), cafeterias and other food service facilities, a fitness center, the U.S. Coast Guard Exchange, conference rooms, credit union(s), a DHS employee health unit, a DHS employee assistance center, and an auditorium.

The planned campus amenities at St. Elizabeths germane to this inquiry are for on-site conveniences that are typical on Federal campuses. Some of these amenities, such as day care and food services, are not intended to meet the total campus demand. For example, the Detached Dining Hall (Building No. 33), which is a contributing feature to the site's status as a National Historic Landmark (NHL), will be reused as a dining hall, but will only accommodate approximately 300 persons at any one time. When Phase 1 is completed and the Coast Guard takes occupancy of its new headquarters, there will be approximately 3,860 personnel on-site; not all of whom will be using this new dining hall. Instead, many of those who will not use the on-site dining hall will look to the surrounding community for alternative places to purchase meals. Other on-site amenities, such as vending machines and Randolph-Sheppard facilities, will also require community businesses to supply and service these facilities.

As one of the Armed Forces, the U.S. Coast Guard occupancy requires certain amenities to support military readiness and protocols; however, these services will also be available to the rest of the campus population.

The overall campus amenity plan balances the need to supply essential services to sustain campus operations with concurrent planning efforts targeting neighborhood revitalization and innovation cluster development on the East Campus and the surrounding community. GSA and DHS remain committed to continuing the ongoing coordination between the federal development, the District of Columbia and the local communities to assure that our efforts are mutually supportive to the broader economic development goals.

5. **What is the average (mean) and median time for a site plan approval process in each of the jurisdictions covered by the DHS mission support prospectus request?**

   See attachment B, entitled "Avg time for site approval process."

6. **For the proposed McNamara FBI Annex in Detroit, what diversity factors did GSA/FBI employ in developing the total parking requirement of 259 inside parking spaces? More specifically, how did GSA/FBI determine a number to reduce the total agent head count by to account for the fact that on any given day, a certain number of agents will be in the field working cases, on sick leave, on annual leave, training remotely, or on official travel status?**

   In developing the parking requirement of 259 inside parking spaces for Federal vehicles, FBI considered the number of agents, along with the number of fleet, general purpose, and special purpose vehicles. FBI accounted for the fact that on any given day a certain number of agents will be in the field working cases, on annual leave, training remotely, or on official travel status (sick leave was not considered) to determine the total number of vehicles and parking spaces required.

   On-site parking is available only for Federal vehicles, the vast majority of which are returned to the parking garage at the end of the workday. The vast majority of their vehicles are returned to government parking spaces at the end of the workday. FBI requires that all vehicles must be stored in secure parking when not in use. Vehicles that are assigned to agents out of the office must be returned to the garage. Each vehicle is fitted out with special equipment requiring secure storage until signed out.

7. **Where does the Prettyman Courthouse modernization project stand in terms of relative priority with other courthouse projects, including both new construction and modernizations?**

   At the time GSA formulated its Fiscal Year 2011 Capital Investment and Leasing Program, Judiciary cited the Los Angeles and Salt Lake City courthouse proposals as their highest construction priorities and the Moynihan and Prettyman courthouse proposals as their highest repair and alteration priorities. The Judiciary did not provide an integrated list prioritizing both new construction and repair and alteration proposals. GSA included Moynihan and Prettyman as part of its FY 2011 Program submission because of the high priority placed on them by Judiciary and the significant asset management issues associated with each including the recapture of vacant space in Moynihan and the serious asset infrastructure deficiencies in Prettyman.

8. **Why is GSA requesting design money to renovate the Schwartz courthouse in San Diego for new tenants when the Congressional intent was for GSA to move non-courts agencies into the extra space in the annex, rather than allow the courts to move entirely into the Annex and then have to pay for new tenant work to backfill the vacated space in Schwartz?**

The current plan for the San Diego Courthouse Annex is to indeed put non-court agencies into the balance of space. IRS and GSA are scheduled to move into the new courthouse annex along with the Courts. ICE and the Executive Office for Immigration Review will backfill the Schwartz Courthouse once the Courts complete the move to the Courthouse Annex. This solution was found to be the best solution to accommodate ICE's requirements to be co-located into one facility. All of the ICE requirements would not be able to be housed in the proposed San Diego Courthouse Annex as it is currently authorized. This solution complies with the intent of the San Diego Courthouse Annex resolution.

9. **As with the Martinsburg, WV, option to purchase, why doesn't GSA more routinely negotiate fixed price purchase options when agreeing to terms for whole building leases, as long as the fixed price is not a bargain on its face at the time it is negotiated?**

GSA will negotiate purchase options when there is the possibility that an agency's requirement for the facility may extend beyond the lease term. This is often the case for agencies that have extensive technical requirements. In these instances, however, GSA is still required to seek prospectus authority to exercise the purchase option.

Depending on the timing and the specific terms of the option, lenders may perceive a higher risk where GSA includes purchase options in lease agreements. Therefore, without such options, lessors may obtain better financing terms in terms of lower interest rates that may, in turn, result in lower rental rates for the Government. However, we have no empirical data on this subject. In addition, we have the discretion to exclude any purchase option if it is apparent during negotiations that it is too costly. Purchase options that are specific in their terms and based on fair market value generally should not result in higher rental rates. Options that are vague and not clearly defined will mostly likely cost the Government more.

10. **The Calais Maine Land Port of Entry is comprised of three discrete locations (Ferry Point, Calais, and St. Stephens). Given that Calais is the principal crossing point and given that that project is fully funded and authorized, where does Ferry Point---for which GSA is now requesting prospectus authority----on its own fall in the overall ordinal ranking of project urgency for Land Ports of Entry by the Customs and Border Protection agency? In other words, are there not more urgent LPOE projects than Ferry Point?**

At the time GSA prepared and submitted its FY 2011 Capital Investment and Leasing Program, the Ferry Point LPOE was ranked second on CBP's five-year capital investment plan, behind only Phase I construction at the Calexico West LPOE. Ferry Point was priority number two because of its aging and dilapidated facilities and site congestion. Recognizing this, GSA submitted both Calexico West Phase I Construction and Ferry Point Site/Design Prospectuses as part of the FY 2011 President's Budget.

The importance of a campus connector for project success at St. Elizabeths

The new consolidated DHS headquarters will allow full integration of 22 separate component facilities. The initial plan was to place the entire headquarters on the federally owned West Campus, but GSA and DHS subsequently agreed to locate one portion of the complex on the East Campus, which is owned by Washington, D.C. This was done for two reasons. First, it would assist D.C. in its efforts to redevelop East Campus into a vibrant, mixed use neighborhood. Second, it would reduce adverse impacts on the historic character of West Campus. The master plan for the 4.5 million square foot DHS headquarters calls for a below-grade connector for the East and West campus facilities to accommodate pedestrians.

Below-grade campus connector

The pedestrian functions of the campus connector will further efficiency, convenience and safety while promoting local business development. The connector will allow employees conducting business in the DHS headquarters to reach any building within the facility without repeatedly being processed through security screening. This will be essential for routine meetings and appointments, for rapid assembly of key personnel in emergencies, and for providing the various types of maintenance and delivery services that any large office complex requires while maintaining the strict security requirements of the campus. Such shared amenities as training and conference rooms, child care, employee assistance centers, and the U.S. Coast Guard Exchange are located on the West Campus. Direct access is vital for FEMA employees for efficient campus operations and avoids duplicative services in the FEMA Headquarters Building.

We are working with the District Department of Transportation (DDOT) to ensure that the local transportation infrastructure functions adequately. The proposed connector will allow DHS to provide a shuttle bus service connection to the Congress Heights Metro station without adding to traffic congestion on Martin Luther King Jr. Avenue.

GSA, DDOT, FHWA, and DHS jointly sponsored a comprehensive transportation analysis that determined there is inadequate capacity between Anacostia Metro and the new access road at Firth Sterling to support all DHS employees. Projections indicate that 42 percent of the DHS workforce will use the metro. The Anacostia and Congress Heights Metro stations will have to share that volume to prevent a failure in the network. The campus connector will allow DHS employees to choose between the two metro stations regardless of whether they work on East or West campus.

In the absence of a pedestrian connector, thousands of DHS employees will be forced to cross Martin Luther King Jr. Avenue during morning and evening rush hours to get to and from the metro station. Additionally, meetings and other events would force frequent pedestrian crossings throughout the workday, increasing traffic congestion without providing a significant benefit to local business owners. However, with the pedestrian connector, DHS employees who wish to support local business owners will be able to enter and exit the East and West campuses at grade, without competing with colleagues moving as quickly as possible between campuses for business purposes.

GSA has worked closely with District agencies to integrate transportation access to the campus and to adjacent projected retail and restaurant facilities. Shuttle bus service from the Congress Heights Station will drop DHS employees off at the gate they will use for access to the East Campus, adjacent to the commercial storefronts. Employees will pass by storefronts, enter the gate, and either proceed to work at FEMA or take the tunnel to West Campus. Preliminary projections indicate that each morning and evening 1319 DHS employees will use this gate, only 611 of whom will work on East Campus. Thus, the remaining 708 employees must use either the campus connector or cross Martin Luther King Jr. Avenue at grade, creating considerable rush hour traffic congestion.

Finally, if there is no campus connector, DHS will have to establish additional secure entry gates to West Campus to handle the volume of pedestrian traffic. This will increase operating costs sufficiently to eliminate any capital cost savings realized by not building the connector.

Conclusion

A below-grade pedestrian tunnel will increase efficiency, convenience, and safety while protecting local business development. The campus connector will allow DHS employees to access any facility in either campus without being subjected to excessive security screening processes. Additionally, the connector will alleviate pedestrian congestion during rush hours and throughout the business day without detracting from the positive impact new employees will have on the local economy.

5. What is the average (mean) and median time for a site plan approval process in each of the jurisdictions covered by the DHS mission support prospectus request?

In preparing solicitations for offers, GSA works with the customer agencies to develop a minimum requirement for when occupancy must occur to meet agencies' mission needs and minimize space delivery risks. Successful offerors are often those with existing buildings or those that can achieve the preliminary requirements for development related to new construction in a short time frame to meet the occupancy date requirement.

GSA contacted the three jurisdictions, the District of Columbia, Arlington County, and Prince George's County, covered by the DHS mission support prospectus request to determine the average expected time period for site plan approval related to commercial office space development. Arlington County responded that a typical site approval process takes approximately nine to eleven months. Specifically, the County cited a wait time of 191 to 226 calendar days from the date of filing to the County Board approval. GSA has not yet received comprehensive responses from the District of Columbia or Prince George's County for typical approval times.

In an attempt to respond quickly, GSA has outlined the steps related to the site plan approval process and approximate expected timelines related to each phase. These are GSA' s estimates and vary by jurisdiction. As stated previously, GSA's typical practice is to stipulate the minimum required date for occupancy; therefore, only projects that are capable of meeting the requirement are able to compete.

An outline of steps related to the site plan approval process and approximate timelines are cited below. It is important to note that these phases or steps can run concurrently.

- Site Plan Design / Review / Approval Process: 18 to 30 months

  The Site Plan Design / Review / Approval process is the responsibility of a private developer or owner in any lease procurement process, which is often completed prior to GSA's involvement. The local jurisdiction (city or county) provides Site Plan Approval in accordance with locally specified processes.

- Base Building Design / Permit Review / Approval Process: 12 to 18 months

  The Base Building Design / Permit Review / Approval process is the responsibility of a private developer / owner in any lease procurement process, usually prior to GSA involvement except in specific Lease-Construct procurements. Building Permit Approval is provided by a local jurisdiction (city / county) in accordance with their specified processes.

- NEPA Building (or Site) Environmental Review Process: 6 to 24+ months (can be completed in tandem when schedule requires)

  NEPA review of a proposed site or offered buildings / parcels is a parallel, but independent, consideration. GSA conducts a NEPA review of all offered buildings, parcels, and projects, and seeks to identify and verify any environmental conditions and requirements prior to award.

  The NEPA Environmental Review process is always GSA's responsibility, usually after the submission of initial offers in a lease procurement. These reviews are considered more comprehensive and easier to conduct if offerors include the information associated with or required as part of an approved site plan or site plan process.

	Current								Proposed							
	Personnel		*Usable Square Feet (USF)*				*RSF*		*Personnel*		*Usable Square Feet (USF)*				*RSF*
Leased Locations	**Office**	**Total**	**Office**	**Storage**	**Special**	**Total**	**Total**	**Office**	**Total**	**Office**	**Storage**	**Special**	**Total**	**Total**
401 W. "A" STREET														
7055 - DHS Immigration And Customs Enforcement (ICE)	5	5	2,376	0	0	2,376	2,839	0	0	0	0	0	**0**	**0**
1526 - Executive Office For Immigration Review (EOIR)	35	35	13,579	0	0	13,579	16,224	0	0	0	0	0	**0**	**0**
4746- PBS San Diego Service Center	32	32	8,390	0	0	8,390	10,077	0	0	0	0	0	**0**	**0**
Sub Total:	**72**	**72**	**24,345**	**0**	**0**	**24,345**	**29,140**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
185 WEST "F" STREET														
7055 - DHS Immigration And Customs Enforcement (ICE)	114	114	43,615	0	0	**43,615**	**46,709**	0	0	0	0	0	**0**	**0**
CABOT,CABOT & FORBES Bldg.														
7055 - DHS Immigration And Customs Enforcement (ICE)	40	40	6,154	0	0	**6,154**	**7,255**	0	0	0	0	0	**0**	**0**
101 WEST BROADWAY														
7056 - DHS Immigration And Customs Enforcement (FPS)	16	16	4,033	0	0	**4,033**	**4,741**	0	0	0	0	0	**0**	**0**
555 W. BEECH STREET														
6300-Nat. Labor Rel Board (NLRB)	8	8	1,595	0	0	**1,595**	**1,965**	0	0	0	0	0	**0**	**0**

Owned Locations	Current							Proposed						
	Personnel		*Usable Square Feet (USF)*				*RSF*	*Personnel*		*Usable Square Feet (USF)*				*RSF*
	Office	**Total**	**Office**	**Storage**	**Special**	**Total**	**Total**	**Office**	**Total**	**Office**	**Storage**	**Special**	**Total**	**Total**
New Courthouse Annex														
1044 - Admin Office Of The US Courts (Clerk, U.S. District Court)	0	0	0	0	0	**0**	0	281	281	61,664	2,000	3,800	**67,464**	**93,372**
1041 - Admin Office Of The US Courts (Dist Judge Chmbrs/Ctrms)	0	0	0	0	0	**0**	0	0	0	0	0	69,994	**69,994**	**96,873**
1047 - Admin Office Of The US Courts (U.S. Pretrial Services Office)	0	0	0	0	0	**0**	0	76	76	16,736	0	1,845	**18,581**	**25,716**
4770 - Federal Acquisition Serv; Telecommunications Facilities	0	0	0	0	0	**0**	0	20	20	3,441	0	580	**4,021**	**5,565**
2038 - Treasury IG for Tax Admin (TIGTA)	0	0	0	0	0	**0**	0	4	4	950	0	0	**950**	**1,315**
2033 - Internal Revenue Service	0	0	0	0	0	**0**	0	208	208	45,504	0	0	**45,504**	**62,978**
4788 - Joint Use	0	0	0	0	0	**0**	0	0	0	2,489	549	2,612	**5,650**	**7,820**
4746 - Public Buildings Service (service ctr.)	0	0	0	0	0	**0**	0	35	35	10,870	0	0	**10,870**	**15,044**
1525 - United States Marshals Service	0	0	0	0	0	**0**	0	145	145	45,218	945	10,950	**57,113**	**79,046**
Sub Total:	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**769**	**769**	**186,872**	**3,494**	**89,781**	**280,147**	**387,729**

Owned Locations	Current							Proposed						
	Personnel		*Usable Square Feet (USF)*				*RSF*	*Personnel*		*Usable Square Feet (USF)*				*RSF*
	Office	Total	Office	Storage	Special	Total	Total	Office	Total	Office	Storage	Special	Total	Total
EDWARD J. SCHWARTZ FB-CT														
1031 - Admin Office Of The US Courts (Appeals Judge Chmbrs/Ctrms)	10	10	0	0	6,180	**6,180**	**8,163**	10	10	0	0	6,180	**6,180**	**8,190**
1037 - Admin Office Of The US Courts (Circuit Libraries)	3	3	4,920	134	1,733	**6,787**	**8,965**	3	3	4,920	134	1,733	**6,787**	**8,994**
1044 - Admin Office Of The US Courts (Clerk, U.S. District Court)	170	170	38,162	2,968	6,004	**47,134**	**62,256**	0	0	150	0	0	**150**	**199**
1041 - Admin Office Of The US Courts (Dist Judge Chmbrs/Ctrms)	45	45	22,130	0	69,533	**91,663**	**121,072**	12	12	4,308	0	30,044	**34,352**	**45,522**
1042 - Admin Office Of The US Courts (Magis Judge Chmbrs/Ctrms)	25	25	2,536	0	20,184	**22,720**	**30,009**	25	25	10,219	0	44,611	**54,830**	**72,659**
1005 - Admin Office Of The US Courts (U.S. District Court)	3	3	1,685	0	1,748	**3,433**	**4,534**	3	3	1,685	0	1,748	**3,433**	**4,549**
7004 - DHS Citizenship & Immigration Service	100	100	20,671	0	32	**20,703**	**27,346**	0	0	0	0	0	**0**	**0**
7055 - DHS Immigration And Customs Enforcement (ICE)	257	257	41,171	681	6,210	**48,062**	**63,482**	698	698	148,725	2,500	27,488	**178,713**	
7056 - DHS Immigration And Customs Enforcement FPS	9	9	1,996	0	0	**1,996**	**2,636**	16	16	5,133	0	0	**5,133**	**6,802**
7051 - DHS US Customs & Border Protection/Border Transp Security	6	6	287	0	234	**521**	**688**	3	3	521	0	0	**521**	**690**
1526 - Executive Office For Immigration Review (EOIR)	0	0	0	0	0	**0**	**0**	40	40	6,948	1,100	8,000	**16,048**	**21,266**
4770 - Federal Acquisition Serv; Telecommunications Facilities	1	1	562	0	0	**562**	**742**	1	1	562	0	0	**562**	**745**
1513 - Federal Bureau Of Investigation	1	1	153	0	0	**153**	**202**	1	1	153	0	0	**153**	**203**
4709 - Federal Supply Service, All Other	1	1	201	0	0	**201**	**265**	1	1	201	0	0	**201**	**266**
2011 - IRS Taxpayer Assistance Center	220	220	46,591	387	3,180	**50,158**	**66,251**	11	11	5,824	0	0	**5,824**	**7,718**
4788 - Joint Use	15	15	13,972	326	5,173	**19,471**	**25,718**	15	15	3,870	326	11,823	**16,019**	**21,228**
1535 - Office Of U.S. Attorneys	320	320	84,751	3,944	12,989	**101,684**	**134,308**	320	320	85,040	3,944	12,989	**101,973**	**135,132**
4766 - Public Buildings Service, Field Offices	18	18	5,785	984	0	**6,769**	**8,941**	18	18	5,785	984	0	**6,769**	**8,970**

EdWARD J. SCHWARTZ FB-CT, Cont'd.	Current								Proposed						
	Personnel		Usable Square Feet (USF)				RSF		Personnel		Usable Square Feet (USF)				RSF
	Office	Total	Office	Storage	Special	Total	Total		Office	Total	Office	Storage	Special	Total	Total
4746 - Regional Public Buildings Service	5	5	844	0	0	**844**	**1,115**		0	0	0	0	0	**0**	**0**
2038 - Treasury IG for Tax Administration (TIGTA)	3	3	445	0	0	**445**	**588**		0	0	0	0	0	**0**	**0**
1525 - United States Marshals Service	65	65	16,743	4,429	21,949	**43,121**	**56,956**		51	51	8,576	1,575	22,915	**33,066**	**43,818**
2300 - United States Tax Court	3	3	128	0	434	**562**	**742**		5	5	2,566	0	434	**3,000**	**3,976**
6300-Nat. Labor Rel Board (NLRB)	0	0	0	0	0	**0**	**0**		8	8	1,595	0	0	**1,595**	**2,114**
4789 - Vacant Unassigned Space	0	0	250	0	307	**557**	**736**		0	0	0	0	0	**0**	**0**
Sub Total:	**1,280**	**1,280**	**303,983**	**13,853**	**155,890**	**473,726**	**625,715**		**1,233**	**1,233**	**295,186**	**10,563**	**167,965**	**475,309**	**629,865**
Total:	**1,530**	**1,530**	**383,725**	**13,853**	**155,890**	**553,468**	**715,525**		**2,002**	**2,002**	**482,058**	**14,057**	**257,746**	**755,456**	**1,017,594**

	Current	Proposed
	Utilization	
Rate	250	246

Current UR excludes 0 USF of office support space
Proposed UR excludes 0 USF of office support space

Special Space	
Laboratory	1,270
Holding Cell	11,151
Restroom	1,065
Clinic	6,416
Physical Fitness	4,754
Conference	17,002
ADP	891
Courtroom	32,698
Judicial Hearing	10,311
Judicial Chambers	40,883
Food Service	4,338
Other	150
Law Enf, Legal, Commo	9,795
Vaults	5,273
Telephone Room	1,505
SCIF	1,050
Mail Rooms	562
Sallyport	5,135
Secured Elevator	1,130
Secured Circulation	5,986
Child Care	6,600
Total:	**167,965**

MEMORANDUM OF UNDERSTANDING

BETWEEN THE

DEPARTMENT OF STATE,

AGENCY FOR INTERNATIONAL DEVELOPMENT

AND THE

GENERAL SERVICES ADMINISTRATION

The purpose of this Memorandum of Understanding is to provide a basis of agreement between the Department of State, the Agency for International Development (AID), and the General Services Administration (GSA) concerning the long-range strategy for housing the Department of State and AID in the National Capital Region.

As an overall housing objective, it is mutually agreed to concentrate most of the agencies' office activities in or near the main State Department building in Washington, D.C. Special-purpose and special-location functions will be located elsewhere as required. Achievement of this objective would reduce the number of agency locations, maintain and enhance the functional relationships within the agencies and with related activities of other agencies, and improve the efficiency of space utilization.

It is mutually agreed to accomplish the following specific actions:

1. Retain Columbia Plaza for the exclusive occupancy of State and AID. Office space to become available following the relocations of EEOC and Bureau of Mines would be divided on an approximate 60-40 basis between State and AID.

2. During the period of renovation to the HVAC system in Columbia Plaza between FY88 and FY90, State and AID will seek to identify offices in the main State building which can be permanently moved to Columbia Plaza. This would create vacant areas in the main State building for GSA to proceed with renovations.

3. If temporary relocations are required during the projected renovation of the main State building, State and AID will reoccupy it in a pattern consistent with the current understanding between the two agencies. In addition, to ensure full coordination of all actions within and between GSA, State, and AID involved in such a complex undertaking, each agency will name a single coordinator to represent the interests of their agency. These three representatives will serve together as the "Main State Renovation Board," meeting as needed and organizing sub-groups with the necessary participants <u>from</u> each agency.

4. Relocate State's Foreign Service Institute (FSI) to the new facility at Arlington Hall by 1991.

5. State's immediate expansion needs due to the Omnibus Diplomatic Security and Antiterrorism Act of 1986 will be provided as follows: retain the Berkley Building in Rosslyn for the Foreign Buildings Office and secure space in a building under construction at 2121 Virginia Avenue, NW for the Bureau of Diplomatic Security. The space at 2121 Virginia Avenue is subject to successful negotiation of a lease by GSA, and is scheduled for occupancy during 1987. If a lease cannot be successfully negotiated, an alternative location will be provided.

6. State will advise GSA as soon as possible of additional diplomatic security expansion needs as they develop.

7. Relocate the mail pouch operation to a new location closer to Dulles Airport, pending prospectus authorization.

8. Retain State's office in McLean, the Washington Field Office in Rosslyn, and the warehouse space in the suburbs. However, consideration will be given to consolidating the warehouse space as conditions warrant.

9. State will be assigned any and all space that becomes available on the property at 2430 E Street, NW, as it becomes available and is renovated.

10. In accordance with an approved prospectus, reduce and relocate AID space from the Architect Building to Rosslyn Plaza C. Occupancy is expected by 1988. This move is subject to successful negotiation of a new lease and the removal of asbestos ceiling tiles in the building. Ultimately, it is planned to housed this requirement in Columbia Plaza.

11. Relocate AID space from Universal North by 1988. Final occupancy may be in an alternate location if space is not then available in Columbia Plaza.

12. Retain AID space at 515 22nd Street, NW, initially, but give consideration to final occupancy in Columbia Plaza.

13. Retain AID space at 1100 Wilson Boulevard, initially, but give consideration to final occupancy in Columbia Plaza.

14. Retain AID warehouse space in Arlington.

All parts of this agreement are contingent on funding approvals from the Office of Management and Budget and the Congress. State, AID, and GSA will work together to secure these approvals. If the approvals are not secured in the required timeframes, the parties agree to work together to develop alternative actions to accomplish the overall objective of consolidating most of State and AID in or near the main State Department building.

It is mutually agreed and understood by both parties that time is of the essence in completing the above cited actions, and that each party will cooperate to the fullest extent possible in the accomplishment of this purpose.

	4/14/87		4-14-87
Department of State	Date	Agency for International Development	Date

April 14, 1987

General Services Administration Date

The proposed project at the E. Barrett Prettyman U.S. Courthouse (Prettyman CT) will modernize building systems, correct environmental concerns, enhance security, and renovate high priority interior space. Work will be conducted in five phases to allow some tenants to remain in the building during the renovation and minimize tenant disruption caused by multiple moves during the renovation.

The Prettyman CT level of accessibility is insufficient to meet current standards for the disabled per the ADA. The fire alarm, smoke detection and sprinkler systems are obsolete and functionally inadequate to provide sufficient protection for the tenants, or to meet current fire code requirements. The building currently relies on outdated and uncoordinated mechanical, electrical and plumbing systems. Without this project, the systems will continue to deteriorate, and continue to fail unexpectedly. Air quality and temperature control in the building is extremely poor, particularly within the courtrooms themselves. Details of proposed work items are below.

Building Systems Modernization

- Provide required fire protection in accordance with Federal, state, and local code
- Improve building energy efficiency and tenant comfort and health by replacing existing mechanical systems, obsolete electrical/power equipment, and obsolete telecommunications; Upgrades include:
  - HVAC systems and building temperature controls with variable speed drives and zone controls
  - Low flow plumbing fixtures
  - Lighting system with energy efficient lamps and occupancy sensors and lighting controls
  - Energy efficient blast windows and doors
  - Energy efficient hot water generators
  - Elevators with high efficiency motors
- Design public and limited restricted spaces according to Architectural Barriers Act Accessibility Standards
- Public toilet rooms, stairways, and elevators will be redesigned and renovated to meet current accessibility guidelines, current codes, and modern operation. Design work will include some minor reconfiguration of spaces or reprogramming of space functions.
- Restore existing historic finishes where impacted by building systems installation

Remediation of Environmental Concerns

- Abate asbestos insulation, lead based paint, and mercury and PBC ballast in existing light fixtures. Process will include the abatement of highly friable asbestos fireproofing on structural steel, floor decks, and above-ceiling components

Security Upgrades

- Install blast windows, new emergency lighting, and upgrade perimeter security throughout the complex

Renovation of Interior Spaces

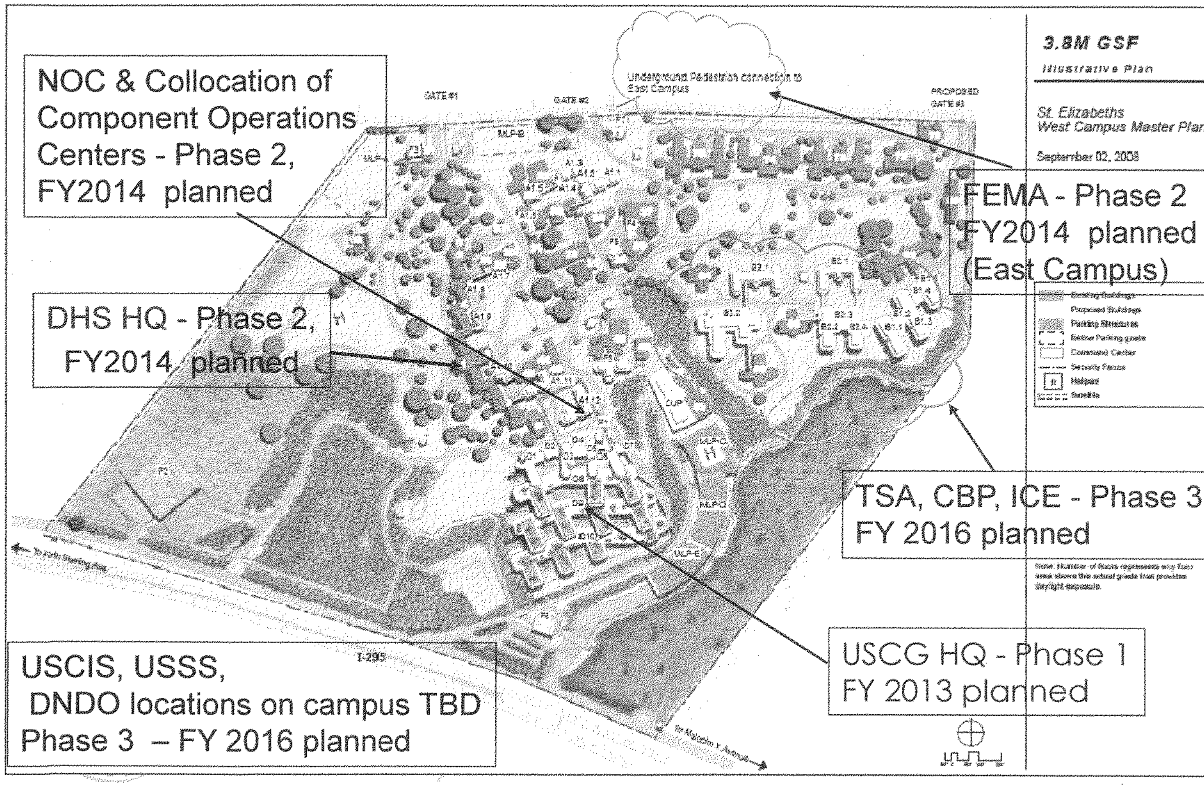
- Refurbish public corridors, lobbies, and restrooms
- General Office and Support Space
  - Finishes (Install new carpet, paint walls, install new doors and hardware)

- Install new vault for District Court Clerk's Office
- Libraries and File Space
  - Same as finishes in General Office and Support Space
- Courtrooms, Judges Chambers, Witness Rooms, Jury Deliberation Rooms, and Conference Rooms
  - Same as finishes in General Office and Support Space (not including refurbishing woodwork, ADA upgrades, and partition relocation)
  - Limited space layout changes to improve accessibility
- Jury Assembly
  - Same as finishes in General Office
- Court functions will be handled through scheduling and alternate locations. No additional TI is planned
- Relocation of various court functions, for example, Media Center & Press Room, DC Clerk SCIF
- USMS Holding Cells, Lavatories, and Elevators *adjacent to Courtrooms*
  - Bring these areas up to standards in Publication 64, dated May 2007
  - Include cabling required for connectivity to main control room
- Administrative Offices and Cell Block
  - Reconfigure current existing space
  - Build-out New Cell Block
- USMS Firing Range, *renovate existing*
  - New HVAC system in the firing range
  - New acoustic wall and ceiling treatment
  - New lighting within the firing range
  - Install new control room
  - Abate lead in old firing range and return space to USMS for use.
- USMS General Operations
  - Limited space layout changes to improve accessibility

The work outlined above will comply with standards outlined in US Courts Design Guide, GSA Facilities Standards for the Public Buildings Service, and US Marshals Service Requirements and Specifications to the extent feasible and practical when renovating existing space, with appropriate focus on the various guides' technical requirements for building systems. It is important to note that under this building systems modernization, GSA is not adding additional courtrooms. However, due to this project, restoring finishes and adjusting wall locations in areas impacted by the project (e.g. General Office, courtrooms, etc.) are necessary. Courtroom sharing specifications do not apply in the Prettyman CT proposal, because as mentioned above, no new courtrooms or chambers are part of the overall scope of work.

TX0164 - Hipolito Garcia FOB/CTHS				
Housing Plan				
		Current Space Assignments - Prior to ARRA Project (FY10)	Projected Space Assignments - After ARRA Project (FY13)	
A/B Code	Bureau Name	USF	USF	
0005	House of Representatives	1,187	1,214	
1014	JUD Bankruptcy Judge Courtrooms	15,784	15,784	
1016	JUD Bankruptcy Clerk	12,948	13,154	
1501	JD U.S. Trustees	5,140	5,140	
1525	JD U.S. Marshals Service	461	461	
1632	LD Office of Federal Contract Compliance Programs	442	292	
1800	U.S. Postal Service (USPS)	13,143	4,000	
2100	Army Department	5,005	10,200	
2300	U.S. Tax Court	2,267	2,267	
4762	GSA Regional PBS Maintenance & Custodial Operations	3,332	4,014	
6300	NLRB	1,505	1,434	
6800	Environmental Protection Agency	320	320	
9700	DOD	6,694	6,694	
1615	LD Bureau of Labor Statistics		1,250	Relocation from leased space.
1632	LD Office of Federal Contract Compliance Programs		440	Relocation from leased space.
1633	LD Bureau of Apprenticeship & Training		2,752	Relocation from leased space.
4768	GSA/FSS		3,200	Relocation from leased space.
7300	SBA		7,244	Relocation from leased space.
8601	HUD		27,041	Relocation from leased space.
	Bldg Joint Use	2,264	6,537	Expanding conference center, adding fitness center
	Vacant	73,397	21,951	
	Total USF	**143,889**	**135,389**	**(Note 1)**
	Common Area	**86,376**	**87,876**	
	Total RSF	**230,265**	**223,265**	
	Total GSF	**307,741**	**307,741**	

Master Plan–St Elizabeths West Campus



Location	Current						
	Personnel		*Usable Square Feet (USF)*				*RSF*
	Office	**Total**	**Office**	**Storage**	**Special**	**Total**	**Total**
JUSTICE DEPT - USMS	28	28	7,945	598	7,877	**16,420**	**23,015**
JUSTICE DEPT - OFFICE OF U.S. ATTORNEYS*	0	0	2,445	0	116	**2,561**	**3,590**
JUDICIARY - COA COURTROOMS	51	51	9,883	0	26,427	**36,310**	**50,893**
JUDICIARY - COA CLERK	3	3	2,988	0	0	**2,988**	**4,188**
JUDICIARY - DISTRICT JUDGE COURTROOMS	57	57	17,775	0	74,982	**92,757**	**130,010**
JUDICIARY - DISTRICT CLERK	5	5	2,739	0	424	**3,163**	**4,433**
JUDICIARY - PROBATION	25	25	15,216	0	908	**16,124**	**22,600**
JUDICIARY - PUBLIC DEFENDER SERVICE*	0	0	888	0	0	**888**	**1,245**
GSA PBS Custodial	0	0	160	0	0	**160**	**224**
Joint Use	12	12	3,117	2,542	11,926	**17,585**	**24,647**
Vacant	0	0	0	0	0	**0**	**0**
TOTAL	181	181	63,156	3,140	122,660	188,956	264,844

* Staff is not permanently assigned, personnel utilizing space varies with case assignments.

	Current							Proposed						
	Personnel		Usable Square Feet (USF)				RSF	Personnel		Usable Square Feet (USF)				RSF
Location	Office	Total	Office	Storage	Special	Total	Total	Office	Total	Office	Storage	Special	Total	Total
ELIJAH BARRETT PRETTYMAN														
Jud Crts of DC	10	10	5,455	284	1,393	**7,132**	**9,206**	12	12	5,455	284	1,393	**7,132**	**9,206**
Judiciary - Bankruptcy Court	3	3	0	0	7,821	**7,821**	**10,095**	3	3	0	0	7,821	**7,821**	**10,095**
Judiciary - Appeals Courtrooms	40	40	15,735	136	29,868	**45,739**	**59,038**	40	40	15,735	136	29,868	**45,739**	**59,038**
Clerk, USCA	26	26	11,066	0	2,369	**13,435**	**17,341**	26	26	11,066	0	2,370	**13,436**	**17,343**
Circuit Executive	26	26	17,978	0	2,354	**20,332**	**26,244**	26	26	11,798	0	2,354	**20,332**	**26,244**
USCA Central Legal Staff	14	14	8,906	0	477	**9,383**	**12,111**	14	14	8,906	0	477	**9,383**	**12,111**
Circuit Library	5	5	11,283	0	3,920	**15,203**	**19,624**	5	5	11,283	0	3,920	**15,203**	**19,624**
Judiciary - Courts of the DC	22	22	12,438	22	110,005	**122,465**	**158,074**	22	22	14,915	22	110,006	**124,943**	**161,272**
Magis Judge	9	9	381	0	20,299	**20,680**	**26,693**	9	9	381	0	20,299	**20,680**	**26,693**
Clerk, US District Court	97	97	51,989	1,436	10,700	**64,125**	**82,770**	97	97	51,989	1,436	10,700	**64,125**	**82,770**
Judiciary - Probation	41	41	19,184	0	259	**19,443**	**25,096**	41	41	17,184	0	259	**17,443**	**22,515**
Justice - Marshals Service	97	97	11,351	455	26,257	**38,063**	**49,130**	97	97	13,928	654	34,127	**48,709**	**62,872**
JD OFF INT POL REV	3	3	497	0	112	**609**	**786**	3	3	497	0	112	**609**	**786**
GSA REG PBS MCO	57	57	2,713	1,403	743	**4,859**	**6,272**	57	57	6,750	1,403	743	**8,896**	**11,483**
GSAPBS FLD OFF	24	24	3,406	208	8,380	**11,994**	**15,481**	24	24	2,477	0	870	**3,347**	**4,320**
Judiciary - Pretrial Services	8	8	2,226	0	134	**2,360**	**3,046**	8	8	2,226	0	134	**2,360**	**3,046**
Judiciary - Joint Use Federal and State	8	8	596	0	6,822	**7,418**	**9,575**	8	8	596	0	6,822	**7,418**	**9,575**
Vacant	0	0	0	0	0	**0**	**0**	0	0	0	0	0	**0**	**0**
Sub Total:	**490**	**490**	**175,204**	**3,944**	**231,913**	**411,061**	**530,584**	**492**	**492**	**175,186**	**3,935**	**232,275**	**417,576**	**538,993**
Total:	**490**	490	**175,204**	**3,944**	**231,913**	**411,061**	**530,584**	**492**	492	**175,186**	**3,935**	**232,275**	**417,576**	**538,993**